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General

U.S. Team To Investigate Israeli Missile Sales

OW2003054592 Beijing XINHUA in English
0301 GMT 20 Mar 92

[Text] Washington, March 19 (XINHUA)—A U.S. team of ordnance experts and diplomats left here Thursday for Israel to investigate into allegations that Israel may have transferred Patriot missile technology to China, the state department said today.

Margaret Tutwiler, spokeswoman of the State Department, said the U.S. team, which includes 13 army experts and three diplomats, is led by the Deputy Assistant Secretary of State for Military-Political Affairs, Sinclair Martell.

"This is a specific mission. It is to discuss Patriot issues," she said.

The team will stay in Israel for a few days, she added.

Israel has denied news reports that the Israeli Government may have sold a Patriot missile or related technology to China.

Israeli Defense Minister Moshe Arens, during his visit to the United States this week, said "there is not a grain of truth" in the allegation.

XINHUA Comments on U.S.-Israeli Relations

OW2103004392 Beijing XINHUA in English
2333 GMT 20 Mar 92

[By Zhou Zexin]

[Text] Cairo, March 20 (XINHUA)—Israel's row with Washington over loan guarantees, or the settlement of Jews in Israeli-occupied Arab territories, has continued for months, which illustrated strains in relations between the two countries.

Their latest quarrel arose after U.S. President George Bush flatly rejected earlier this week a Senate compromise which would have allowed Israel to get loans of several hundred million dollars immediately to help settle Jews from the former Soviet Union.

Israel has reacted strongly to the U.S. rejection. Israeli Defense Minister Moshe Arens told Washington Israel would never accept a settlement freeze in the territories. "We will not crawl or beg for help," he said.

Israeli Deputy Minister Binyamin Netanyahu even called for Israel attaining "economic independence" from the United States in order to achieve political independence.

It is not clear whether failure to agree on terms for the guarantees would further damage their relations.

The request for the guarantees for loans worth 10 billion U.S. dollars over five years was raised by Israel six months ago. It has been discussed between the U.S. Administration and the Congress, and with Israel since January. But no agreement has been reached so far.

The U.S. Administration has refused to back down from its position that loan guarantees for Israel would only be provided on the condition that there will be no new settlement building in the occupied territories beyond what is already underway.

The United States wants Israeli assurances the money will not be used directly or indirectly on settlement which it views as an obstacle to its Middle East peace initiative.

The U.S. intention is clear as it believes that a settlement of the Arab-Israeli conflict must include an Israeli withdrawal from Arab land seized in the 1967 Middle East war in exchange for peace with its Arab neighbors.

The United States cannot offer to seem too biased toward Israel if the Middle East peace process is to continue, especially since Washington has been under pressure from the Arab countries participating in the peace talks to urge Israel to halt Jewish settlement in the occupied land immediately.

Therefore, how the loan guarantee issue is resolved is considered crucial to the U.S.-sponsored Middle East peace talks which started in Madrid, Spain, last October. The U.S. White House has made it clear that approval of the guarantee could derail the Middle East peace talks.

Israel has refused to yield to the U.S. demands. Instead it has vowed repeatedly to continue the settlement building because the massive expansion of the settlements on the West Bank and Gaza Strip was designed to strengthen its hold on the occupied Arab territories and undermine the U.S. land-for-peace formula.

Israeli Prime Minister Yitzhak Shamir has suggested that the U.S. delay in granting the guarantee was intended to appease the Arabs in the U.S.-backed Arab-Israeli peace talks now underway.

The fact that the Washington-Tel Aviv row was brought to the open has also been suggested as an indication that Israel, a U.S. strategic ally in the Middle East, is now less important to the United States as it used to be.

"Israel's strategic value as a counter to Soviet influence in the region has diminished since the collapse of the Soviet Union," said an article carried in the Cairo paper THE EGYPTIAN GAZETTE recently.

The loan guarantee brawl occurred at a time of recession in the United States, further complicating a solution. For the U.S. Government has been criticized for paying too much attention to foreign affairs while neglecting the domestic economic issues.

Now there are statements from Jerusalem that the loan guarantee request "is dead," yet Israel has indicated that it will not withdraw the request.

An Israeli Embassy source in Cairo defended Israel's position, saying the Jewish state could not agree to halt the Jewish settlement. "If it does, it will mean that Israel will agree to give up the territories."

But it still expects to get the U.S. loan guarantees. There are many elements and "Israel itself is certainly an element," the source said, adding, "there will eventually be a compromise both of us can live with."

U.S.-Israeli negotiations on the matter are still going on. Israel still hopes the issue can be pursued after its parliamentary election this June. But since their differences on the issue are so fundamental, their confrontation seems likely if there is no agreement.

President Bush, Kohl Hold Joint News Conference

*OW2303042392 Beijing XINHUA in English
0411 GMT 23 Mar 92*

[Text] Washington, March 22 (XINHUA)—U.S. President George Bush and German Chancellor Helmut Kohl wound up their two-day talks at Camp David today without bridging the U.S.-European differences over global trade disputes.

At a joint press conference here, both leaders pledged to work hard to achieve an early conclusion of the Uruguay Round talks of the General Agreement on Tariffs and Trade (GATT).

Bush said that "the chancellor and I reaffirmed our determination to reach an early agreement that expands the world trading system."

Kohl noted that it "is of paramount importance...to prevent at all costs a fall back into a policy of protectionism" and that "we want to come to a successful conclusion of the GATT round at the very latest by the end of April."

Kohl said that the two leaders reviewed each other's positions on the GATT issue and that his European partners would be given a full report of the Camp David talks.

"We will once again try to find out where there is further room for negotiations in order to come at the end to a compromise," Kohl said, adding that "obviously, when we talk about compromise, it means both sides have to move."

The Uruguay Round of GATT negotiations has come to a standstill mainly because of the U.S.-European dispute over the issue of the agricultural subsidies.

Washington insisted that the European Community slash more than 35 percent of agricultural subsidies in five years, while EC countries wanted a slower pace and a smaller scope of cuts.

During the Camp David meeting, Bush and Kohl also discussed a wide range of issues including the U.S. role in Europe, Western aid to the former Soviet Union and environmental protection.

Bush said that "we agree that NATO remains the bedrock of European peace and there is no substitute for our Atlantic link, anchored by a strong American military presence in Europe, which the chancellor and I both agreed must be maintained."

Kohl said that at the G-7 summit in Munich, the major industrial nations will talk about "an overall package of so-called help for self-help" for the former Soviet republics.

However, he warned that "obviously, we cannot go on doing this kind of thing indefinitely."

He said that the dispute between Russia and Ukraine over the transfer of tactical nuclear weapons is "one of most pressing issues that we have to deal with" and that "this subject will indeed play a role when we discuss aid to these former Soviet republics."

Kohl also gave Bush an endorsement in the middle of the U.S. presidential election, saying that "if an American asked my opinion on this, I would give him the following answer...had President George Bush not proved to be such a strong leader over these past years, obviously these dramatic changes would not have taken place in the world."

Kohl, who arrived here Friday night, flew back to Bonn after winding up the joint conference at the White House.

Article on Tibet, 'Human Rights Guardians'

*HK2303071792 Beijing GUANGMING RIBAO
in Chinese 29 Feb 92 pp 1, 4*

[Article by Yin Fatang (7113 3127 0781): "Momentous Epochal Changes in Tibet—and a Denunciation of Western 'Human Rights Guardians'"]

[Excerpts] I have been fortunate to have taken part in Tibet's liberation and construction, and have worked for 27 years in Tibet's high plateau alongside the Tibetan people and the People's Liberation Army soldiers and personnel stationed there. A young man when I first went to Tibet in 1950, I was an old man when I last went there in 1991. Recalling the tremendous changes that have taken place in Tibet, I feel a surge of emotions and of extreme excitement. The more than 40 glorious years that Tibet has gone through since its peaceful liberation seemed to have just been a flick of a second. Looking back at this history of epic-making progress and transformation will not only firm up our conviction in socialism and make us treasure more our national solidarity and unity, but will also provide us with a forceful reply to the so-called Tibet card played out by the West's "human rights guardians" on the question of human

rights. [passage omitted describing brutal exploitation and oppression in pre-liberation Tibet as well as political, economic, and social advances since after liberation]

Over the last 40 years, millions of serfs and slaves have experienced an earth-shaking transformation which shocked and impressed the world. Tibet, which was practically isolated from the world and was hardly understood nor cared for by many people in the past, has today become a hot international topic, attracting a multitude of foreign travellers. Some came with friendship and, having witnessed the tremendous changes in Tibet, fell more deeply in love in Tibet. Others heard of rumors and came with scepticism. Examining the changes in Tibet with a critical eye, they eventually dropped their scepticism and departed with friendship. Others brought their prejudices with them as they travelled around Tibet, and even harbored a hostile attitude as they concocted many ridiculous rumors and absurd news. For a while, some Western "human rights guardians" even formed a chorus with the separatist elements who had trampled on Tibet's human rights and escaped overseas. Together they made a big deal out of the human rights issue. The serfs and slaves, who for generations were regarded as "livestock," are deeply aware of the slaveowners' human rights definition and they also know only too well the so-called human rights of the Western "human rights guardians." The so-called human rights touted by these people really means the restoration of the exploitative and oppressive system which has no human rights to speak of, as well as the separation of Tibet from the great family of the motherland that is the PRC. Naturally, this should be denounced.

Liu Huaqiu Addresses Disarmament Conference

OW2303040892 Beijing XINHUA in English
0345 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—A conference of security and disarmament research institutes in Asia and the Pacific opened here this morning with some 40 experts and diplomats of over 20 countries attending.

The conference, which will last three days, was initiated and sponsored by the Chinese Foreign Ministry, Chinese People's Association for Peace and Disarmament and the UN Institute of Disarmament Research (UNIDIR), and was presided over by UNIDIR Director J. Dhana-pala.

Addressing the opening ceremony, Chinese Vice Foreign Minister Liu Huaqiu said the present-day world is at a historical period of major changes, adding that the factors for world turbulence have increased while the Asia-Pacific region is enjoying relative stability.

Generally speaking, Liu went on, arms reduction and control have just started in the Asia-Pacific region and the world at large, and the security situation remains grave in this region.

He noted that promoting the regional disarmament and security is a necessity for maintaining peace and development in the region.

Liu stated that China pursues an independent foreign policy of peace, persists in developing friendly relations with all neighboring countries and has made unremitting efforts to ensure peace, stability and disarmament in the region and the world as a whole.

China serves as an unswerving force in maintaining world peace, he stressed.

Philippine Navy Arrests 7 Chinese in Spratlys

HK2303053192 Hong Kong AFP in English
0516 GMT 23 March 92

[Text] Manila, March 23 (AFP)—Philippine naval authorities have arrested seven Chinese for alleged illegal fishing in the Spratly Islands, claimed by both countries, navy spokesmen said here Monday.

The seven were arrested on Friday near Pag-asa, the biggest of the seven islands occupied by the Philippines, for poaching and using cyanide to stun fish, they said.

The Chinese told investigators they left Hainan province on March 10. They will be charged with illegal entry and illegal fishing, and have been brought to a naval station in Puerto Princesa, the capital of the western Philippine island of Palawan.

The Spratlys lie southwest of Palawan. They are believed to be oil-rich, and are claimed in whole or in part by Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam. Vietnamese and Chinese forces clashed in the area in the late 1980's.

Official Discusses Anti-Narcotics Efforts

OW2203063492 Beijing XINHUA Domestic Service
in Chinese 2136 GMT 21 Mar 92

[By reporter Zhou Lixian (0719 4539 2009)]

[Text] Beijing, 22 March (XINHUA)—China achieved positive results in its anti-narcotics drive in the past year. It strengthened its efforts to seize narcotics and stop narcotics use and dealt a forceful blow to narcotics-related criminal activities. These efforts were a good beginning in the country's drive to curb the spread of narcotics within the next two to three years and to eliminate the curse of narcotics once and for all.

In a recent statement to reporters, Yu Lei, secretary general of the State Anti-Narcotics Committee and vice minister of public security, discussed the work of the State Anti-Narcotics Committee since its establishment a year ago. He said: In accordance with the arrangement of the CPC Central Committee and State Council, the State Anti-Narcotics Committee conducted work primarily in the following areas in 1991:

—It successfully convened a national conference on anti-narcotics work. In light of current narcotics-related crimes committed in the country, the committee put forward an anti-narcotics policy of "stressing the three bans simultaneously—banning narcotics peddling, use, and planting—stopping narcotics use at the source, strictly enforcing the law, and seeking both temporary and permanent solutions." It drew up concrete measures to mobilize the forces of entire the society to carry out anti-narcotics work through comprehensive control and a people's war. This has forcefully advanced the nationwide anti-narcotics struggle in both depth and width.

—It took further steps to investigate and crack narcotics-related criminal cases and dealt a severe blow to the criminal activities of smuggling, peddling, transporting, and manufacturing narcotics. Law enforcement and judicial departments resolutely implemented the "Anti-Narcotics Decision" adopted by the Standing Committee of the National People's Congress in 1990. They strictly enforced the law and forcefully cracked down on criminal elements. During the past year, public security organs and customs in various parts of the country cracked 8,395 cases related to narcotics, confiscated 1,959 kg of heroin, marijuana, morphine, and "ice" (de-oxygenic ephedrin) and nearly 50 tons of compound for making narcotics, and arrested a number of narcotics-related criminal elements. The judicial organ meted out punishment for these criminal elements in accordance with the law, and those who committed serious crimes were sentenced to death.

—It vigorously strengthened anti-narcotics propaganda. The main emphasis of the propaganda is to publicize the country's anti-narcotics laws, to publicize the government's determination to ban narcotics, and to expose the harm of narcotics use in order to raise the anti-narcotics awareness of the people throughout the country.

—It strengthened the work of banning the use of narcotics and strived to control the spread of narcotics. According to incomplete 1991 statistics, 41,227 people in various parts of the country stopped narcotics use through compulsory measures.

—It took resolute steps to outlaw the few, scattered growing of narcotics crops in the country. Mass anti-narcotics propaganda was vigorously launched in areas where growing of narcotics crops was discovered. Illegally planted narcotics crops were destroyed the moment they were discovered, and a number of people who planted opium poppy in violation of the law were sternly dealt with.

—It actively carried out international anti-narcotics cooperation. It actively supported and took part in the anti-narcotics cooperation program by those countries neighboring the "Golden Triangle" initiated by the United

Nations Commission on Narcotic Drugs. Chinese anti-narcotics law enforcement departments have always taken a positive attitude toward international cooperation in cracking narcotics-related cases and gathering intelligence on narcotics-related activities.

Yu Lei emphatically pointed out: The problem of narcotics in China came mainly from outside the boundary. Crossing the border to sell narcotics is the main problem in China's anti-narcotics struggle. In recent years, demand by consumers in the international narcotics market, particularly in the European and American markets, has greatly stimulated the production and smuggling of narcotics. International narcotics smuggling groups and elements carried out narcotics trafficking via China, and this trend is still on the rise. Xinjiang, Shanghai, and railway public security organs and customs have successively cracked cases in which British, German, and American criminal elements smuggled marijuana to Japan by way of China. This is a new development.

Yu Lei refuted the American press, which called a kind of heroin sold in the American market as "China White." He said: It goes against common sense and is unfair to link China and heroin together. China does not produce heroin. It is a victim of heroin trafficking through its borders. So far, there has been no evidence proving that the heroin which went through China and confiscated by the international community was produced in China.

United States & Canada

U.S. Sets Up Mutual Copyright Protection Ties

OW2303085792 Beijing XINHUA in English
0847 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—China's National Copyright Administration announced here recently that starting from March 17, 1992 U.S. works enjoy protection in China.

According to the Memorandum of Understanding on Protection of Intellectual Property Rights between the Governments of the People's Republic of China and the United States of America, signed January 17 this year, the mutual copyright protection relations between the two countries would be established as of the 60th day after the signing of the memorandum.

In a circular issued earlier for the implementation of the memorandum, the National Copyright Administration said that after the establishment of mutual copyright protection ties between China and the U.S., China's copyright law and relevant rules and regulations would be applicable to U.S. works.

Meanwhile, it stated that U.S. works enjoying copyright protection in China include computer software and audio recordings, while those already circulating or in

use prior to the establishment of mutual copyright protection relations are excluded.

U.S. President George Bush issued a statement March 17, declaring that from that day works of the People's Republic of China were protected in America.

Article Views U.S. Military Shift to Singapore

HK2303060992 Beijing SHIJIE ZHISHI
in Chinese No 3, 1 Feb 92 pp 22-23

[Article by Ma Zhigang (7456 1807 0474): "U.S. Military Personnel in Subic Bay Military Base Shifted to Singapore"]

[Text] At the end of last year and the beginning of this year, U.S. President George Bush led a powerful team of dozens of people and visited four Asia-Pacific countries. Bush and his party arrived in Singapore shortly after New Year's Day. If Bush's trip can be said to have an economic color, his trip to the beautiful little country of Singapore had a military color. After mutual consultation and discussion, the United States and Singapore announced on 4 January the decision to move the Office of Commander Task Force 73, the Logistics Headquarters of the Seventh Fleet, from the Subic Bay Naval Base in the Philippines to Singapore. As soon as the news spread, ASEAN countries all gave rapid responses and world opinion also discussed the matter.

The Whole Thing Will Come to Light After the Philippines' General Election

The U.S. military bases in the Philippines are an important guarantee for its military and political presence in the Asia-Pacific region. The treaty on military bases signed by the Philippines and the United States in 1947 expires in 1992. In order to continue to operate its military bases in the Philippines, the United States held negotiations with the Philippines on the renewal of the treaty for many years. However, the Philippines Senate adopted a resolution last year to veto a motion extending the U.S. military base treaty in the Philippines. Then, Philippine President Corazon C. Aquino put forward a plan whereby U.S. troops will withdraw from the Philippines within three years. However, because it wanted in its heart of hearts to retain the Subic Bay Naval Base, the United States insisted on using the base without any restrictions during the withdrawal period, and it did not agree to work out any concrete schedule for the withdrawal. As a result, the negotiations broke up in discord. On 30 December 1991, the Philippine Government gave a formal notification to the U.S. Government, indicating that the 1949 Treaty on Military Bases would expire in one year. After consultation and discussion with Singapore, the United States announced that U.S. troops will withdraw from Subic Bay Naval Base before the end of 1992; and that 145 U.S. naval personnel will be transferred from Subic Bay Naval Base to Singapore, to be responsible for mustering and arranging maintenance and supplies for U.S. warships.

The withdrawal of U.S. military bases will cause certain economic losses to the Philippines. Not only can the Philippines not enjoy a considerable amount of rent, but those working in the bases will also lose their jobs. However, the Philippines would rather bear these losses than make any concessions. Public opinion believes this move has shown that the Philippines is becoming less dependent on the United States for its security. What surprised people was that the United States agreed with such alacrity to withdraw all its troops stationed in the Philippines before the end of this year, for during its negotiations with the Philippines on the three-year withdrawal agreement not long ago, the United States still insisted on using its bases without any restriction for the coming three years. Public opinion believes that in the wake of the cold war, the United States feels the threat in the Asia-Pacific region is easing; and that the United States has to cut down its overseas bases in order to reduce its military expenditure. Another view holds that the United States has worries over the coming general election in the Philippines. If U.S. troops withdraw from the Philippines, candidates in the general election can no longer make a big issue of the factor; on the other hand, it is also feasible for the United States to retreat to a neighboring area, such as Singapore, to wait for opportunities after the general election. The Philippines will hold its general election in May this year; if a new president who favors retaining U.S. military bases in the Philippines is elected, especially if a new Senate is formed which supports the idea of retaining U.S. bases, it will be a very easy thing for the United States to return to the Philippines from Singapore and sign a new agreement. In view of this, it is not impossible that the United States is adopting a strategy of making concessions in order to gain advantages. Under such circumstances, public opinion believes that one cannot be sure of the U.S. withdrawal until after the general election in the Philippines.

Singapore Has the Need

Singapore has always been considered a special partner of the United States in Southeast Asia. Both the United States and Singapore have always shared a strong consensus on the security of Southeast Asia. This time, when transferring its troops to Singapore, the United States specially avoided using the word "base," but called this action setting up a logistics network. This is totally acceptable to the Singapore Government.

Moreover, as early as the end of 1990, Singapore and the United States signed a "memorandum of understanding" on allowing the United States to make more use of Singapore's military facilities. According to the stipulations of this "memorandum," the U.S. Air Force can send planes to Singapore several times a year to carry out deployment training, which can last as long as several weeks; while the U.S. Navy can increase the number and frequency of its ships entering Singapore. According to this agreement, the number of U.S. Naval and Air Force personnel accredited to Singapore can reach as high as 95, and another 75 can be added each time deployment

training is being carried out. This time, instead of setting up a military base, the United States only transferred the Logistics Headquarters of the Seventh Fleet to Singapore. The move itself can be regarded as a continuation of the 1990 "memorandum" on the one hand, and freeing Singapore's neighboring countries as well as other ASEAN countries of their worries and misgivings on the other.

On the issue of regional security, it is Singapore's consistent stand that regional peace should be based on concrete military guarantees, and Singapore is currently seeking a guaranteed "peace, freedom, and neutrality." From this point of view, Singapore finds it an ideal choice that the presence of U.S. military strength can continue to be retained in this region. Singapore believes that once the United States severs its connection with this region, a rather disturbing vacuum will inevitably emerge and, as a result, the previous order will be destroyed. Former Singapore Premier Lee Kuan Yew said: "Once U.S. forces withdraw, the big powers in this region, such as Japan, will surely expand their military strength out of concern for their own commercial interests and the security of their oil carriers. Yet Japan's military expansion will inevitably frighten other big powers, which will vie with each other to follow Japan's example, thus eventually destroying the stability of the region." For the United States' part, it can continue to maintain and give play to its own role and influence in the region through its presence in Singapore.

From an economic point of view, both Singapore and the United States rely on each other to maintain an equilibrium with the increasingly greater influence of Japan. Although it has a population of only 3 million, Singapore ranks 11th in the U.S. export market. At present, there are a total of 800 American trading firms in Singapore, involving a bilateral trade volume of \$21 billion. Undoubtedly, Singapore is close to being an ideal market for the products and service industries of the United States. On the other hand, Singapore hopes, through the investment from and trade with the United States, to step up its own prosperity and maintain a balance with Japan's overbearing offensive in its economic activities in Southeast Asia.

ASEAN Countries Respond Cautiously

After the Singapore-U.S. agreement was made public, ASEAN member countries all made rapid yet cautious responses. Malaysia, Indonesia, Brunei, and Thailand held the identical view that Singapore can do no more than provide oil and basic maintenance services to U.S. warships and planes; and that any attempt to make the temporary stationing of U.S. troops nontemporary or to upgrade relevant facilities to permanent "military bases" will violate the concept of neutralism which has been vigorously advocated by ASEAN. In addition, all ASEAN countries oppose any plans to build a new U.S. naval base in Singapore. However, proceeding from their economic interests, Malaysia, Indonesia, and Brunei have expressed their willingness to allow ships of the

U.S. Navy to use their dock facilities and carry out training within the scope of commercial services.

While sharing the above common stand with other ASEAN countries, Malaysia and Indonesia have shown greater concern about their respective interests regarding Singapore. Upon learning that Singapore had agreed to take in more U.S. troops, Malaysia indicated cautiously that it hopes the total number of U.S. troops will not exceed that speculated on in the agreement signed between Singapore and the United States in November 1990. Meanwhile, three opposition parties in Malaysia (the Democratic Action Party, the Pan-Malaysian Islamic Party, and the Malaysian People's Party) also expressed their opposition to U.S. troops transferring to Singapore. They indicated that "the environment of the Southeast Asia region does not require any U.S. troops." In Malaysia, about 300 members of the Youth League of the Islamic Party went into the streets to protest the transfer of U.S. troops to Singapore. The protesters clashed with the police and at least 10 party members and council members were arrested on the spot. Indonesia has always maintained vigilance against and shown concern over the new military agreement between Singapore and the United States, and the Indonesian Government has already asked Singapore to give an explanation of the agreement. Indonesian Foreign Minister Ali Abdullah Alatas said: "It is unavoidable that the United States will continue to maintain military forces in this region. However, any relevant arrangements should be discussed by ASEAN." All ASEAN countries will continue to follow this issue with interest for some time to come.

NPC Chairman Meets Canadian Educationalists

OW2303061992 Beijing XINHUA in English
0606 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—Wan Li, chairman of China's National People's Congress [NPC] Standing Committee, met with Professor L.I. Barber, president emeritus of Regina University of Canada, Mrs. Barber and their party at the Great Hall of the People here today.

During the meeting, Wan reviewed his visit to Canada in May, 1989, adding that during the visit he was awarded an honorary doctorate by Regina University.

That visit left a deep impression on him, he said.

Wan said China and Canada have no conflict of fundamental interests. Bilateral friendly cooperation will be beneficial not only to the two peoples but also to safeguarding world peace.

He expressed the hope that bilateral cooperation in the fields of economy, trade, science and technology, and education will be further enhanced.

He briefed the visitors on China's present situation in reform and opening-up.

Barber and his party came to China as guests of the National Academy of Educational Administration in late March to deliver lectures at a symposium which is sponsored by Canadian International Development Agency and the Chinese State Education Commission.

Central Eurasia

Russian Foreign Minister Views Developing Ties

OW2303023592 Beijing XINHUA in English
0208 GMT 23 Mar 92

[Text] Moscow, March 22 (XINHUA)—Russian Foreign Minister Andrey Kozyrev said here today that his country was fully prepared to develop normal and comprehensive good-neighborly relations with China.

Kozyrev, who returned home today after a tour of China, South Korea and Japan, told XINHUA that China and Russia, which shared a boundary of thousands of kilometers, should undertake full cooperation.

He said the two countries are in position to develop good and stable ties.

In the past, the practice of ideological confrontation and exaggeration of friendship proved to be wrong, he said.

The foreign minister told reporters at the airport that his tour of the three Asian countries had paved the way for Russian President Boris Yeltsin's visit of the nations.

Vice Governor Views Visit to Russian Federation

SK2103073792 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 20 Mar 92

[Text] On the afternoon of 19 March, our station reporter and the Heilongjiang television station reporter interviewed Du Xianzhong, vice governor of Heilongjiang Province, who had just returned to Beijing Municipality from his visit to the Russian Federation, Belorussia, and the Ukraine. The Heilongjiang Provincial People's Government delegation headed by Vice Governor Du Xianzhong is the first provincial level official delegation in China invited by the Russian Federation, Belorussia, and the Ukraine as independent countries.

During the two-week visit, our province's delegation made extensive contacts with the new and old friends in diplomatic and commercial circles and leading personnel on the economic and trade fronts in the three countries. During the meetings, both sides gained common understanding in developing bilateral economic and trade cooperation and in dealing with problems cropping up in communications and transportation, trade information, coordination, optimization of the commodity structure, and the expansion of harbor construction.

During the interview, Du Xianzhong stated that when holding a press briefing in Moscow, he learned that the

Russian Federation is greatly interested in the trade talks with the province. The province's original invitation to Russian officials for trade talks will be somewhat changed.

During his visit to the Russian Federation, Du Xianzhong, head of the provincial delegation, was interviewed by a Moscow radio station and correspondents from international news agencies and enlarged the province's influence on the Russian Federation.

During their visit to the Ukraine, the provincial delegation also held in-depth talks with the chairman the Soviet Economic and Social Development Committee. During the talks, both sides expressed that they are willing to make contributions to economic and trade development between China and the Ukraine.

When answering the reporter's questions with regard to the greatest impression of his visit, Vice Governor Du Xianzhong stated that the market competition encountered by state and local enterprises and trade companies entering the countries, including the Russian Federation, to carry out economic cooperation or open plants had become increasingly sharp. We not only have the sense of crisis but also an increased sense of pressure. Hereafter, we should no longer engage in petty imports and exports and should carry out large-scale trade where we can score economic results. He contended that judging from the general situation, our province's economic and trade cooperation with these countries, including the Russian Federation, is experiencing stable development. However, along with the opening of international markets, our province's commodities appear weak in competition with those from western countries. We should bring into play the strong points of our potential by developing economic and technical cooperation and increasing labor exports for construction projects because we cannot upgrade the quality of our commodities very much. Our province should vigorously readjust products mix and make breakthroughs in importing technologies because it is most important for our province to import technologies to improve its commodities.

During the interview, Du Xianzhong also emphatically pointed out that during development of economic and trade cooperation with these countries, including the Russian Federation, we should pay great attention to conducting propaganda work. The responsible personnel of some countries have, until now, not known where Heilongjiang is located. This indicates that our propaganda work is very insufficient. By adopting various forms and making use of mass media, we should enlarge our propaganda work and have the work serve the economy and increase economic results. Efforts should be made to overcome the prejudice of some persons, where propaganda activities may reduce economic results. In line with the situation both at home and abroad, Du Xianzhong contended that while doing a good job in holding trade talks in Harbin city each year, we should spur our province, prefectures, and cities to hold various domestic and international or regional

exhibition sales and to carry out their trade activities in a comprehensive way. They should establish financial and material adjustment centers to help enterprises adjust their surpluses and shortages and organize material resources and to straighten out the relationship between enterprises and banks. We should establish as soon as possible offices in charge of economic and trade projects among the key cities of the countries, including the Russian Federation, so as to bring into line our province's economic and trade work. Proceeding from the macroeconomic view of developing northeast Asia, we should enhance the construction of infrastructure, including ports, and the opening of border cities' communications and transportation and engage in large-scale imports and exports and join the international circulation of commodities.

In concluding the interview, Vice Governor Du Xianzhong stressed that talented personnel play a particular role in economic and trade work. Our province is very short of talented personnel who not only know trade but also the economy and production. We should organize various units as soon as possible to train more talented personnel to meet the important and great development of the province's economic and trade work.

Yeltsin, EBRD President Discuss Cooperation

*OW2003061192 Beijing XINHUA in English
0109 GMT 20 Mar 92*

[Text] Moscow, March 19 (XINHUA)—Russian President Boris Yeltsin discussed with President of European Bank for Reconstruction and Development (EBRD) Jacques Attali in the Kremlin today on cooperation between Russia and the bank.

Attali told the press after the meeting that the two sides exchanged views on Russia's situation and the progress in the implementation of the current economic reforms in the country, ITAR-TASS reported.

They also discussed problems of Russia's integration into the world economic community in view of the upcoming meeting of the leaders of seven industrialized countries.

The two sides paid serious attention to problems of disarmament, civil conversion of the defense-related production, the development of power engineering and agriculture, Attali said.

The EBRD had given six percent of the total of its foreign aid to the former Soviet Union, including four percent for Russia.

Jacques Attali arrived here today. He had visited Moscow on several occasions, and this the first time he was received by Yeltsin.

During his visit, Attali intends to make a stopover in Yekaterinburg to examine the possibilities of the bank's participation in conversion of defense enterprises.

Yeltsin, Nazarbayev Hold Working Meeting

*OW2103212892 Beijing XINHUA in English
2053 GMT 21 Mar 92*

[Text] Moscow, March 21 (XINHUA)—Russian President Boris Yeltsin and Kazakh President Nursultan Nazarbayev met here Saturday to discuss the development of bilateral relations in the sphere of economy and foreign political activities, ITAR-TASS reported.

During the meeting, they reaffirmed their allegiance to the principles and prospects of the development of the Commonwealth of Independent States (CIS) and solidarity with the course of radical economic reforms both on the multilateral and bilateral bases.

They recommended to hold a comprehensive intergovernmental meeting in Uralsk on March 23, which is expected to discuss urgent problems dealing with cooperation in the political, economic and military spheres.

The two presidents Friday attended the CIS summit in the Ukrainian capital of Kiev.

CIS Appoints Military Leaders at Kiev Summit

*OW2103075292 Beijing XINHUA in English
0359 GMT 21 Mar 92*

[Text] Moscow, March 20 (XINHUA)—The Commonwealth of Independent States (CIS) Friday appointed three military leaders at the fourth summit held in Kiev, UKRINFORM-TASS reported.

The new military heads are Colonel General Viktor Samsonov, who has been appointed chief of general staff of the CIS Armed Forces; General Yuriy Maximov has been made commander of the CIS Strategic Armed Forces; and Colonel General Vladimir Semyonov has become commander of the CIS General Purpose Armed Forces.

The appointments were agreed upon by the participants in the one-day summit, which focused on military issues including the authority of the CIS joint defense mechanism and regulations of the joint command of the CIS Armed Forces.

No Agreement on Key Issues Reached

*OW2103073592 Beijing XINHUA in English
0429 GMT 21 Mar 92*

[Text] Kiev, March 20 (XINHUA)—Leaders of the Commonwealth of Independent States (CIS) today failed to reach consensus on key questions that the loose alliance is faced with.

At a joint press conference after the fourth CIS summit, Uzbek President Islam Karimov, who chaired today's meeting, said that CIS leaders touched upon 17 issues and reached relevant agreements.

Russian President Boris Yeltsin said the most remarkable result of the summit was that "the CIS joint armed forces was legally formed."

But despite the appointments of the commanders-in-chief of the CIS strategic and conventional armed forces, no settlements were seen concerning the definition of the two parts of the armed forces and the allocation of funds to them, which were considered the cores of the armed forces issue.

Ukraine, the second largest CIS state, refused to sign the document on joint armed forces and claimed that the CIS forces would only exist until the end of 1994.

Ukrainian President Leonid Kravchuk said prior to the summit that the previous CIS summit "did not solve any key political, military and economic problems."

He made a remark after the meeting that "no change occurred."

Ukraine was active in discussing the dividing and succeeding of the former Soviet property but failed to put them on the agenda due to the objection of Russia.

The troublesome issue of the escalation of conflicts between Armenia and Azerbaijan over Nagorno-Karabakh was dealt with at the summit but no tangible results were obtained.

The delegation of Azerbaijan, whose acting President Yagub Mamedov failed to participate in the summit, issued a declaration at the meeting denouncing the "Armenian nationalists" for "launching a four-year-long war of aggression against Azerbaijan."

It also criticized Russia for "playing an indecent role" in mediating the conflicts at which Azerbaijan was "fairly indignant."

Referring to the fact that Azerbaijan only sent a state secretary to the summit, Armenian President Levon Ter-Petrosyan requested to discuss the authority of the Azeri delegation, but other leaders put aside the proposal to avoid aggravating relations between CIS and Azerbaijan.

Petrosyan signed a document on dispatching CIS peacekeeping forces to the disputed region of Nagorno-Karabakh and Armenian-Azeri borders.

Azeri delegation did not sign it claiming that such a pact needed approval of its parliament.

But such document is likely to become an empty talk as it stipulates that the sending of blue berets will only be possible after both a virtual ceasefire and approval by the two conflicting sides.

The worry over the future of CIS was spotlighted as presidents' remarks on it varied.

The commonwealth is only an "illusion," said Kravchuk, and Ukrainian Parliament Speaker Ivan Plushch called it "a process of civilized divorce."

But Karimov of Uzbekistan claimed that it is not an illusion but "necessity."

Yeltsin of Russia called CIS "a constantly developing process," and "the illusion will become a reality."

Other presidents expressed similar views with Yeltsin and hoped CIS would continue to exist.

While presidents were haggling about the CIS future, Ukrainian nationalists gathered outside the conference hall to demand that their country should withdraw from CIS.

Thousands of demonstrators, organized by Ukraine's largest political movement "Rukh" and the Ukrainian Republican Party, chanted "we want cooperation, not commonwealth."

The two political groups hold that Ukraine should join a Black Sea-Baltic alliance which include the three Baltic states, Transcaucasian countries, Belarus and Moldavia in order to ward off the influence of Russia.

Ukraine's tendency to leave CIS triggered off worries among other CIS leaders. Yeltsin said in Moscow airport before leaving for Kiev today that Ukraine should remain in CIS.

He said those who insisted that Ukraine good-bye CIS were not the Ukrainian president, the parliament and government, but certain political parties and groups. [sentence as received]

Southeast Asia & Pacific

Qian Qichen Views Cambodian Peace Process

OW2303080092 Beijing XINHUA in English
0735 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—The peace process in Cambodia is an irreversible general trend of the times, said Chinese Foreign Minister Qian Qichen here today.

Answering a question posed by a French reporter at a press conference sponsored this afternoon by Yao Guang, spokesman of the Fifth Session of the Seventh National People's Congress now in session, Qian said during his visit to Cambodia he held talks with Prince Norodom Sihanouk and all parties concerned and got the impression that all sides, despite their differences, expressed the willingness to implement conscientiously the agreement on peace in Cambodia signed in Paris.

All sides demanded the earliest presence of the U.S. [as received] peacekeeping forces in Cambodia so as to ensure the smooth transition and the general elections, he said.

"Peace in Cambodia is the general trend of the day and the desire of the people," he stressed.

President Suharto Meets Electronics Minister*OW2103084892 Beijing XINHUA in English
0753 GMT 21 Mar 92*

[Text] Jakarta, March 21 (XINHUA)—Indonesian President Suharto expressed hope here today that China and Indonesia would further explore possibility of cooperation in various fields including machinery and electronics industry.

President Suharto made the remarks when he received He Guangyuan, Chinese minister of machinery and electronics industries, at his Cendana residence this morning.

Recalling the smoothly-developed friendly relations after resumption of diplomatic relations between China and Indonesia, President Suharto wished that the two countries will further strengthen cooperative relations.

The president gave a systematic and overall introduction on Indonesia's economic and industrial situation. He also briefed the Chinese minister on Indonesia's future plan for industrial development.

The president expected that concerned departments of the two countries will further cooperate in various fields including joint venture factories and technique transfer.

Minister He Guanyuan said that his ministry will promote mutual cooperation in accordance with the present situation of Indonesia's industry.

He Guanyuan arrived here on March 14 and left for home today.

During his stay in Indonesia, he opened the China machinery and electronic products exhibition on March 18, at which 120 companies from 18 provinces and cities of China displayed over 1,000 kinds of products.

Vietnam Head Views Normalizing U.S. Ties*OW2203092492 Beijing XINHUA in English
0744 GMT 22 Mar 92*

[Text] Hanoi, March 22 (XINHUA)—Vietnamese Premier Vo Van Kiet said Saturday that his country is willing to normalize relations with the United States as soon as possible, newspapers here reported today.

Vo Van Kiet was speaking during his meeting here Saturday with some former high-ranking officials of the United States, including former Assistant Secretary of State Richard Holbrooke.

Kiet affirmed that Vietnam will continue its reform process, and will strive to build the country into one with a sound legal system so as to ensure that people enjoy equality and legal protection.

The chairman of the Vietnamese council of ministers said his country follows an independent foreign policy and develops multiple relations with different foreign countries.

Vietnam hopes to make friends with all countries in the world, Kiet said.

He said Vietnam has normalized its relations with China and strengthened relations with the Association of Southeast Asian Nations (ASEAN), Western and Northern Europe and Japan, and is now hoping to normalize the Hanoi-Washington relations.

The U.S. officials said they hope the current U.S. Government would lift the embargo on Vietnam as quickly as possible to pave the way for the normalization of relations.

The delegation, which arrived here on Thursday, also met Vietnamese Foreign Minister Nguyen Manh Cam and Deputy Foreign Minister Le Mai, before leaving Hanoi on Saturday.

'Roundup' on Bataan Nuclear Power Plant*OW2303084092 Beijing XINHUA in English
0656 GMT 23 Mar 92*

["Roundup" by Xie Peilin: "Bataan Nuclear Power Plant Unlikely To Operate Soon"]

[Text] Manila, March 23 (XINHUA)—The Bataan Nuclear Power Plant, the first of its kind in the Philippines, is unlikely to be operated in the near future albeit an out-of-court settlement was reached earlier this month between Manila and the Westinghouse Electric Corp, the U.S. constructor of the plant.

Under the settlement reached on March 6, only 116 days before President Corazon Aquino turns over her powers to her successor, the U.S. company pledges to give a compensation of 100 million U.S. dollars to upgrade the plant to current nuclear standards, and to operate it for 30 years with the Philippines shouldering an estimated cost of some 400 million U.S. dollars for its rehabilitation and upgrading projects.

Of the compensation, only 10 million U.S. dollars will be paid in cash, with 75 million U.S. dollars in cash equipment and 15 million U.S. dollars in discounts.

Being criticized as a "treacherous extralegal" move on the plant which has not yet generated a single watt of power for the past decade, the settlement is expected to have a hard sailing in the Philippine Congress to be elected in the coming national elections in May.

After the signing of the settlement, Filipino anti-nuclear activists in metro Manila as well as residents in Bataan in central Luzon have been staging protests now and often in order to nip in the bud the settlement.

Located unfortunately in an earthquake fault, the Bataan plant poses serious health dangers to Filipinos in the largest island of Luzon with nuclear wastes or even nuclear explosions, the protesters warned.

In 1973, the late President Ferdinand Marcos approved the construction of two 620-megawatt nuclear power plants by the Westinghouse Company at an offer of 1.2 billion U.S. dollars, while rejecting a bid of 0.7 billion U.S. dollars from the U.S. General Electric Company.

The deal was allegedly tainted with a bribe from the Westinghouse of 17 million U.S. dollars to the late President Marcos. Mrs. Aquino pledged in the 1986 elections not to allow the plant to be operated and to stop payments on tainted loans with the nuclear plant loans first on her list.

The Philippines started its feasibility study on the plant at a time when the country relied on imported oil for 95 percent of its energy needs and the 1973 oil crisis where crude oil prices increased five times heightened interest in nuclear power.

However, due to financing constraints, the original plan was halved to the construction of only one nuclear plant in 1977, one year after the actual contract's signing in February 1976.

Originally, the plant was scheduled to have been completed and fully operational by July 1983 at a cost of 1.109 billion U.S. dollars.

However, the safety upgrades plus construction delays caused cost estimates to jump by 844 million U.S. dollars by the plant's rescheduled completion in January 1985.

Furthermore, the non-activation of the plant's nuclear core caused the plant's completion date to be moved back once again to October 1987 with a total cost estimated at 2.27 billion U.S. dollars, with interest charges alone rising by another 194.7 million U.S. dollars.

Currently, most referees to the plant place its total cost at some 2.3 billion U.S. dollars, and the Philippines has to pay daily some 300,000 U.S. dollars for the interests of the plant-related loans.

Claimed by the Westinghouse Company at the completion of the plant in 1985, the Bataan plant was characterized by some 2,000 defects such as inferior materials, improper design, water leaks, inadequate fire protection and emergency shut-down systems, according to Filipino critics.

The out-of-court settlement was reached at the moment when U.S. District Court Judge Dickinson Debevoise in New Jersey handed down a pre-trial ruling, saying there was "ample evidence" to try Westinghouse on bribery charges related to its construction of the plant.

Yet, Filipino negotiators inked the extralegal settlement because the Westinghouse allegedly registered its losses of more than 1 billion U.S. dollars in 1991 fiscal year and only the said company is willing and obliged to rehabilitate and upgrade the controversial plant.

"We felt it unlikely that we would lose the case, but we also felt that it would also be unlikely we would win very big," said Filipino Senator Rene Saguisag, member of the Philippine negotiating panel.

Saguisag estimated that his country could hope to gain only 30 to 40 million U.S. dollars in total damages from the Westinghouse if it pushed through the trial.

Near East & South Asia

Nation Asks Israel To Free Up High-Tech Sales

TA2303105592 Tel Aviv HA'ARETZ
in Hebrew 23 Mar 92 p A4

["Exclusive" report by Judy Maltz]

[Excerpts] Beijing—The PRC has called on Israel to lift the restrictions on the sale of advanced technology to it, in the wake of the establishment of relations between the two countries.

Yuan Mu, a PRC Government spokesman and one of Prime Minister Li Peng's closest aides, stated in an interview with HA'ARETZ: "Naturally, if we intend to cooperate in the field of advanced technology, the dominant influence of the big superpowers must be eliminated." Yuan was thus alluding to the Cocom (Coordinating Committee for Multilateral Export Controls) pact, which bans the transfer to Communist countries, including the PRC, of advanced technologies that might be used in the manufacture of arms. The demand being put to Israel by the PRC Government spokesman was also raised last week by senior officers in Beijing in talks with the HA'ARETZ correspondent.

"I believe that in the wake of the establishment of relations between our countries, we will be able to find many channels of mutual cooperation, particularly in agriculture," Yuan added. Asked about security cooperation, Yuan said he would rather not elaborate due to the sensitive nature of the matter. Nevertheless, he said: "I believe that the authorities of the armies of both countries may jointly examine issues."

The Chinese spokesman did not comment on recent reports in the U.S. media about the transfer of advanced technology, including Patriot missile technology, from Israel to the PRC. All in all, Beijing has not said much on the matter. On 12 March, when the first report appeared in THE WASHINGTON TIMES, a spokesman for the Chinese Embassy in Washington issued a brief denial, stating that "the report is an unfounded lie." [passage omitted]

Yuan also commented on the peace process. "Following the establishment of relations with Israel, the PRC is prepared to play a role in the peace conference. This role can be one of promoting the process." He reiterated the PRC's official position whereby Israel must give back all the territories and recognize the legitimate rights of the Palestinian people. It should be noted that in his speech

last week at the opening session of the National People's Congress, the Chinese prime minister for the first time made an official mention of Israel's right to exist securely as a sovereign state.

Yuan tried to avoid any comment on the Arab boycott. Asked whether the PRC would be willing to pressure its Arab friends to call off the boycott, Yuan replied: "There used to be a slogan calling for the Israelis to be driven into the sea, but we never accepted it."

Yuan also referred to the Chinese economy and to the need to accelerate the pace of economic reforms. According to him, support for a free market mechanism and socialism are not contradictory. "Experience has shown that centralization and planning do not always go hand in hand," he said. Moreover, he noted, one of the main reasons for the collapse of the Soviet Union is that "its leaders did not choose the right way to implement reforms."

The interview with Yuan took place last Saturday, and was initiated by official government sources in Beijing. It was attended by the editor in chief of ECONOMIC DAILY, one of the largest papers in China, and a representative of the official news agency XINHUA. The status of Yuan, a member of the conservative flank of the government, was enhanced in the wake of the Tiananmen Square events of July 1989, during which the Chinese Army killed hundreds of students who were demonstrating against the government and demanding greater democratization.

First Israeli Ambassador Presents Credentials

*OW2303083192 Beijing XINHUA in English
0714 GMT 23 Mar 92*

[Text] Beijing, March 23 (XINHUA)—Israel's first Ambassador to China Ze'ev Sufot presented his credentials to Chinese President Yang Shangkun here today.

Sufot was special advisor to the liaison office of the Israeli Academy of Sciences and Humanities in Beijing.

Nepalese Prime Minister Concludes Visit

Visit 'Great Success'

*OW2203090092 Beijing XINHUA in English
0835 GMT 22 Mar 92*

[Text] Shenzhen, March 22 (XINHUA)—Nepalese Prime Minister Girija Prasad Koirala left here for home via Hong Kong this afternoon at the end of his week-long official goodwill visit to China.

Before his departure, Koirala, also minister of royal palace affairs, defense and foreign affairs, said it has been his long-cherished wish to visit China.

The visit has been a great success, and also consolidated the foundation for the Nepal-China friendly cooperation

laid by his elder brother during his China visit in 1960 when he was Nepalese prime minister, Koirala said.

He expressed the wish that the friendship between the two peoples may remain evergreen.

Among those seeing the prime minister off were Chairman of the Chinese Government Reception Committee and Minister of Agriculture Liu Zhongyi and Deputy Mayor of Shenzhen Li Guangzhen.

Koirala came to Guangdong Province after his tour of Beijing and Xian.

During his stay in Shenzhen, he met with Mayor of Shenzhen Zheng Liangyu. Zheng briefed the prime minister and his party on the economic growth of the Shenzhen Special Economic Zone over the 12 years' reform and opening-up.

Leaders Issue 'Joint Communiqué'

*OW2203081292 Beijing XINHUA in English
0749 GMT 22 Mar 92*

[Text] Beijing, March 22 (XINHUA)—A Sino-Nepalese joint communiqué was issued here today.

The full text of the communiqué follows:

1. At the invitation of Premier Li Peng of the State Council of the People's Republic of China, His Excellency Mr. Girija Prasad Koirala, prime minister of the Kingdom of Nepal, paid an official goodwill visit to the People's Republic of China from 16 to 22 March 1992. During the visit, Premier Li Peng and Prime Minister Koirala held talks in a sincere and friendly atmosphere. President Yang Shangkun of the People's Republic of China and General Secretary Jiang Zemin of the Central Committee of the Chinese Communist Party separately met with Prime Minister Koirala. Prime Minister Koirala and his entourage also visited development projects and sites of historical interest in Beijing, Xian, Guangzhou and Shenzhen.

2. Leaders of the two countries reviewed with satisfaction the steady progress of their bilateral relations on the basis of the Five Principles of Peaceful Coexistence and agreed to further strengthen cooperation and exchanges between the two countries in the economic, trade, cultural, educational and other fields. The Nepalese side thanked the Chinese side for the support and assistance it had rendered to Nepal in its economic development. The two sides signed an agreement on economic and technical cooperation between the Government of the People's Republic of China and his majesty's government of Nepal. Prime Minister Koirala apprised Premier Li of the recent political developments in Nepal culminating in the new Constitution and national elections and of the strategy formulated to promote Nepal's economic, social and cultural development within a system of values developed during the political movement. Premier Li briefed Prime Minister Koirala on China's current situation of political stability and economic

development and on its policy guidelines for further reform and opening-up aimed at accelerating its modernization drive.

3. The Chinese side stated that Tibet was an inalienable part of China's territory and that it was resolutely opposed to any attempt or action aimed at splitting China or creating "independence of Tibet." The Nepalese side stated that it understood the position of the Chinese Government and reiterated that Nepal had always recognized that Tibet was an autonomous region of China. It reaffirmed that Nepal had not allowed and would not allow Tibetans in Nepal to engage in any anti-China political activities on its soil.

4. Leaders of the two countries welcomed the progress in the relaxation of international tension. However, they held the view that the present international situation was complicated and volatile and the world was far from tranquil. Peace and development were still the main concerns of the peoples of all countries. The international community should make joint efforts for the establishment of a just and rational international political and economic order, and the United Nations should play an important role in the efforts for such a new order.

The two sides stressed that a new international order should be based on the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence, and the purposes and principles of the United Nations Charter. The two sides maintained that countries, big or small, strong or weak, rich or poor, should all participate in international affairs as equal members of the international community. International disputes should be settled through peaceful negotiations instead of by resorting to force or threat of force. While welcoming some important disarmament measures adopted so far, the leaders of the two countries were of the view that more efforts should be made to stop the arms race and achieve an effective disarmament, and the present disarmament process should lead to a complete prohibition and thorough destruction of nuclear weapons and other weapons of mass destruction. South-South cooperation should be increased and North-South dialogue promoted in view of the ever widening economic gap between the South and the North. The human rights and fundamental freedoms of the entire mankind should be universally respected and, within this broad framework, for developing countries, the most important human rights include the right to independence, the right to subsistence and the right to development.

5. The two sides expressed welcome to the relaxation of tension in the situation on the Korean peninsula and the important progress made by the North and the South of Korea in improving their relations. They reiterated their support for the Paris agreement on the comprehensive political settlement of the Cambodia conflict and their hope to see its full implementation. They emphasized the importance of an early political settlement of the Afghan

question and expressed their support for the efforts made to this end by the United Nations and the parties concerned. They hoped to see the Middle East peace conference yield positive results on the basis of the relevant United Nations resolutions so as to bring about a just and reasonable settlement of the Middle East question.

6. The two sides believed that peace, stability and development in the South Asian region were in accord with the aspirations and interests of the peoples of the countries in the region. The Nepalese side informed the Chinese side of the steps taken by the countries in this region to strengthen their friendship and cooperation. The Chinese side expressed its support for the efforts made by the South Asian Association for Regional Cooperation for enhanced friendship and cooperation among the countries in the region and for regional stability.

7. Prime Minister Koirala expressed his appreciation to the Chinese Government and people for their generous hospitality. He invited Premier Li Peng to visit Nepal at a convenient time and Premier Li Peng accepted the invitation with pleasure. President Yang Shangkun asked Prime Minister Koirala to convey to His Majesty King Birendra his invitation to visit China. Prime Minister Koirala stated he would be happy to do so and expressed his thanks. Prime Minister Koirala also conveyed his Majesty King Birendra's invitation to President Yang Shangkun to visit Nepal, for which the latter expressed thanks.

Nepalese Paper Hails Koirala Visit

OW2303062892 Beijing XINHUA in English
0616 GMT 23 Mar 92

[Text] Kathmandu, March 23 (XINHUA)—Nepal's leading English daily today hailed Prime Minister Girija Prasad Koirala's visit to China as an event furthering the understanding between the two countries and opening the door wider to bilateral cooperation in the future.

THE RISING NEPAL said editorially that the free and cordial exchange of views between leaders of the two countries has "no doubt worked to create a better understanding of each other's positions on matters concerning their bilateral relationship."

"The agreement on economic and technical cooperation signed by the two countries is yet another milestone in their relationship," it said.

"Indeed, China's effort to speed up the modernization of its economy through the application of reform measures is something Nepal is keenly interested in, especially in terms of its own objectives of raising its economy in line with modern times," the paper said.

"The success of China's modernization drive provides a shining example for others to emulate wherever feasible, and it is in this spirit that Prime Minister Koirala's

first-hand observation of economic efficiency at work is a matter of importance," it said.

The editorial said that a major cornerstone of Nepalese foreign policy being endeavors aimed at strengthening relations with all countries of the world on a mutually beneficial basis, the country's efforts to promote bilateral ties with its immediate neighbors command special interest also at the popular level.

"The continued exchange of visits at different levels, including at the highest, will serve to bolster the bonds of friendship and cooperation between the neighbors as much as Prime Minister Koirala's visit has worked to strike deeper roots of mutually beneficial cooperation," it said.

"We join the rest of the country in expressing happiness at the successful conclusion of Prime Minister Koirala's visit to China and look forward with avid interest to ensuing efforts at further consolidating cooperation in the many areas where the interests of both countries converge," the paper said.

'Arab Ministers' To Oppose Anti-Libyan Sanctions

*OW2103011092 Beijing XINHUA in English
2338 GMT 20 Mar 92*

[Text] Damascus, March 20 (XINHUA)—Diplomats in this Syrian capital said today that they expect Arab ministers, scheduled to meet at an emergency session in Cairo on Sunday, to produce a resolution opposing sanctions against Libya. The diplomats, who asked not to be named, also told XINHUA that Syria will attend the meeting to be held at Libya's request, although it is not immediately known how many Arab foreign ministers are to participate in.

Syria and Egypt are now leading an Arab diplomatic campaign to stem the adoption of a U.S.-Britain-France initiated U.N. draft resolution calling for arms embargo on Libya and suspension of commercial airlinks with it.

The draft resolution, to be voted on next week, also urges U.N. member countries to expel Libyan diplomats except those with ambassadorial rank.

The three Western powers are demanding punishments for Libya's refusal to extradite two Libyans they accuse of blasting Pan Am 103 flight over Lockerbie, Scotland, in 1988 and four other Libyans allegedly involved in the

bombing in 1989 of a French UTA plane over Niger. The bombings killed 440 people.

The diplomats also expect Sunday's Arab ministerial meeting to adopt a resolution opposing military action against Iraq accused of refusing to fully comply with gulf war ceasefire terms calling for elimination of its weapons of mass destruction and facilities for producing such weapons.

According to these diplomats, Arab relations with the three Western countries will be adversely affected if sanctions are adopted against Libya and military action taken against Iraq.

Both Egypt and Libya took part in the U.S.-led allied war to liberate Kuwait from Iraqi occupation.

Nevertheless, the diplomats noted, President Hosni Mubarak of Egypt and Syrian President Hafiz al-Asad, meeting in Cairo earlier this week, expressed opposition to military action against Iraq.

Moreover, they said, al-Asad believes that military action against Libya and Iraq will cause a chain of negative reactions in the region, in view especially of the fact that no one in the West talks about how to make Israel withdraw from the occupied territories in line with U.N. Security Council resolutions.

U.N. Resolutions 242 and 338 call on Israel to give up the Arab lands it captured in the 1967 Middle East war in exchange for peace with the Arabs.

Afghan Leader Prepared To 'Step Down'

*OW1803192692 Beijing XINHUA in English
1831 GMT 18 Mar 92*

[Text] Kabul, March 18 (XINHUA)—Afghan President Najibullah announced Wednesday that he and his whole government would step down on the first day of a neutral transition government when it was ready to take up duties in Kabul.

He also said he would not insist on his personal participation in preliminary talks on the formation of a neutral government scheduled to be held in either Geneva or Vienna next month.

"I agree that once an understanding is reached through the United Nations process for the establishment of an interim government in Kabul all powers and all executive authority will be transferred to the interim government as of the first day of the transition period," an official translation of the statement, which he read in the Dari language, said.

NPC Session

Qian Qichen Holds News Conference 23 Mar

OW2303091992 Beijing XINHUA in English
0906 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—Chinese Foreign Minister Qian Qichen answered questions on China's diplomacy and the world situation at a press conference here this afternoon.

More than 200 Chinese and foreign reporters attended the hour-long press conference hosted by Yao Guang, spokesman for the ongoing annual session of the Chinese National People's Congress.

Responding to a question about his recent visit to Britain, Qian said that he devoted half of the time there to the discussion of the Hong Kong issue and both sides showed the common desire to maintain Hong Kong's stability and prosperity.

Answering another question, Qian said that during his visit to Cambodia, he held talks with Prince Norodom Sihanouk and all parties concerned and got the impression that all sides, despite their differences, expressed the willingness to implement conscientiously the agreement on peace in Cambodia signed in Paris.

The foreign minister said that China strongly opposes France's inclination to sell fighter planes to Taiwan, adding that there would certainly be strong reaction from the Chinese side should France go ahead with the arms deal.

Responding to another query, Qian said that China supports the positive role of the United Nations in maintaining world peace and settling regional disputes but opposes the use of force.

The Chinese foreign minister stated that he expected to see the emergence of a multi-polar world in the place of the old world order.

He asserted that China enjoys a good international environment for speeding up its reform and opening-up, which in turn will benefit world peace and development.

Later, in response to another question, Qian Qichen said that the General Agreement on Tariffs and Trade (GATT) should first resume China's status as a signatory state before Taiwan can join the GATT as a separate customs territory.

A total of 14 questions were posed for the foreign minister at the news conference which was broadcast live by the China Central Television Station.

Further on Remarks

OW2303105392 Beijing Central Television Program
One Network in Mandarin 0659 GMT 23 Mar 92

[News conference by Foreign Minister Qian Qichen held at the Great Hall of the People in Beijing on 23 March; Qian Qichen speaks in Mandarin and reporters speak in either Mandarin or English, with passage by passage English or Mandarin translation by interpreters—live]

[Text] [Unidentified announcer] Dear viewers, good afternoon. Yao Guang, spokesman for the Fifth Session of the Seventh National People's Congress [NPC], is to host a news conference at the Great Hall of the People in Beijing at 1500 [0700 GMT] today, during which Qian Qichen, state councillor and foreign minister, will be invited to answer questions from Chinese and foreign journalists. Following is this station's live coverage of the news conference. [Video opens by panning a spacious conference room where about 200 Chinese and foreign reporters and cameramen are seated. Qian Qichen, accompanied by Yao Guang, enters the conference room and takes up the middle seat at the front table, with two interpreters on each side of him. All the men are dressed in dark western business suits and ties.]

[Yao Guang] Ladies and gentlemen: The Fifth Session of the Seventh NPC is sponsoring today's news conference, during which State Councillor and Foreign Minister Qian Qichen has been invited to answer questions on the international situation and China's diplomatic work. Now I would like to give the floor to Comrade Qian Qichen to make some opening remarks.

[Qian Qichen] I am very glad to have this opportunity today to meet with friends from the press. During the current NPC session, Premier Li Peng in his government work report devoted an entire section to the international situation and, I think, you have read this section. Now I would like to take questions.

[SOUTH CHINA MORNING POST reporter, in English] I am from the SOUTH CHINA MORNING POST. I would like to ask the foreign minister: When Mr. James Baker of the United States was here in November, China promised that all Chinese people who had no outstanding criminal charges pending against them would be allowed to go abroad and leave China. Now, a number of people have applied to leave China, and, without reason, they have been told that they cannot leave China. This includes people like Han Dongfang and Hou Xiaojian. What is China's policy toward these people? Will they be allowed to leave China or not?

[Qian Qichen] Well, there is indeed some basis to what I said to Secretary of State Baker when he was in Beijing: That is, all Chinese people who face no criminal allegations and who are not under legal investigation may apply to leave the country. Naturally, applications have to go through formalities and obtain approval. It is impossible to dispense with these formalities. Therefore,

the question you have raised really does not mean that there is any change in what I said back then to Secretary of State Baker.

[Radio Hong Kong reporter] I am from Radio Hong Kong. I would like to ask Foreign Minister Qian the following questions: You recently visited Britain. As we know, one of the questions discussed during your visit was on Hong Kong. My question is this: What aspects of the Hong Kong question were discussed? I am asking this question because Premier Li Peng stated in his government work report that work of all aspects in Hong Kong should be linked with the Basic Law, and that preparations in all fields for this purpose should be made from now on. Can you explain this statement? My second question is this: Although Sino-British relations have somewhat improved since the signing of the memorandum of understanding between China and Britain on the construction of a new airport, there still exist some specific problems in Hong Kong. Some of these problems, particularly some that have already been discussed by the Joint Liaison Group, remain unresolved. Take, for example, the problem concerning the final appellate courts. Reportedly, there are still some contradictions. I would appreciate a response from Foreign Minister Qian concerning these two questions.

[Qian Qichen] During my visit to Britain, about half of my talks with the British side were devoted to the question of Hong Kong. Hence, the Chinese and British sides were able to review and discuss the question of Hong Kong in a comprehensive way. The two sides had a common desire and objective in maintaining stability and prosperity in Hong Kong and in ensuring Hong Kong's smooth transition in the future. As far as this objective is concerned, the two sides' positions were identical. Meanwhile, the two sides also noted with satisfaction that since the signing of the memorandum of understanding on the construction of a new airport in Hong Kong, some progress had been made in the work of the Joint Liaison Group, although we still want to speed up the Joint Liaison Group's work. The 22d meeting of the Joint Liaison Group will be held tomorrow, and we hope that further progress can be made at the meeting.

[ZHONGGUO RIBAO reporter] I am from ZHONGGUO RIBAO. The war of aggression against China by Japanese militarists brought tremendous suffering to the Chinese people. It is reported that some conferees attending the current sessions of the NPC and the Chinese People's Political Consultative Conference [CPPCC] are demanding that the Japanese Government compensate the Chinese people. Do you have any comments on their demand, Foreign Minister Qian? Thank you.

[Qian Qichen] For as long as half a century, during the period from the Sino-Japanese War of 1894-95 to the victory in the war of resistance against Japan, Japanese militarists imposed great suffering on the Chinese people. Of course, the Japanese Government should properly handle the complex problems caused by those

Wars of aggression. In the Sino-Japanese joint statement, the Chinese Government expressed its clear and definite position on the issue of war indemnity. This position has not changed. The people's representatives have the right to make proposals. There is a special office under the Secretariat of the NPC session that handles such proposals. The office will handle their proposals in accordance with relevant provisions.

[EUROPE DAILY and SILK ROAD reporter Li Shan-heng] I am Li Shan-heng, a reporter from the Chinese-language newspaper EUROPE DAILY and the French-language SILK ROAD of France. Many Chinese in France are from Indochina, particularly Cambodia. They are greatly concerned about the Cambodian situation. How do you appraise the prospects for peace in Cambodia, Foreign Minister Qian?

[Qian Qichen] Not long ago, during my visit to Cambodia, I had a conversation with Prince Sihanouk and the leaders of all factions in the Supreme National Council. My impression during the conversation was that, although differences still exist among various factions, all of them are willing to seriously implement the Paris conference agreement on Cambodia. At the same time, they hope that the UN assistance teams will arrive in Cambodia soon to ensure a smooth transitional period and to ensure a prompt general election in Cambodia. In my view, the peace process in Cambodia is in conformity with the general trend of the time and the aspirations of the people there, and it is irreversible.

[Swiss Radio and Television reporter, in English] I am from Swiss Radio and Television. Sir, just one year ago at this occasion here, you were emphasizing that China supports a growing role for the United Nations in settling conflicts and in international politics. In the meantime, in fact, the United Nations has played a big role. I am speaking about Kurdistan. I am speaking about the question of sanctions against Libya, and about the recent discussion concerning a new military strike against Iraq. So my question is: Do you support just the political implementation of the UN politics, or do you see in the future also a role of kind of world police that the United Nations can play? Thank you very much.

[Qian Qichen] I still want to say that the Chinese Government supports the positive role played by the United Nations in safeguarding world peace and settling regional conflicts. In terms of the Libyan issue, China has always been opposed to and condemned any form of terrorism. China calls for conducting serious, thorough, just, and objective investigations into the bombing of the airliner and handing down punishment to criminals who deserve to be punished in accordance with the UN Charter and relevant principles of international law. Therefore, China supports UN Security Council Resolution 731. Meanwhile, all the parties concerned are striving to find, through negotiation, a just and reasonable way to solve the problem. Under these circumstances, we do not endorse any UN Security Council

sanctions against Libya because, instead of being conducive to a settlement of the issue, they will escalate regional tension and cause serious consequences.

On the Iraq question, we think the Iraqi people are innocent. It is necessary to lift the embargo on food and other daily necessities against Iraq on the basis of humanitarian considerations. Of course, relevant UN Security Council resolutions should be conscientiously implemented. We hope Iraq will continue to cooperate with the UN Security Council. However, we are opposed to the use of force or the threat of using force to solve disputes in international affairs.

[LE MONDE reporter, in English] Mr. Minister, in 1989, China threatened France with retaliation in case France sold warships to Taiwan. Yet the deal went ahead, and there was no retaliation. There are now negotiations between France and Taiwan to sell fighter-bombers or fighter planes, French-made, to Taiwan. I wonder what will be Chinese action against this.

[Qian Qichen] The Chinese side has already made representation to the French side on this issue. I am not prepared to go into detail here, but I can tell you that if France proceeds with the sale of the Mirage 2000 to Taiwan, China will certainly react strongly.

[Taiwan Television reporter] In his government work report to the NPC and CPPCC sessions, Mr. Li mentioned the GATT membership issue—that is, if the Chinese mainland is admitted to GATT, it will not be opposed to Taiwan's membership. In the same government work report, he said that China does not oppose economic and trade ties between Taiwan and other countries and regions. In this situation, does it mean that China will not be opposed to it being admitted to GATT at the same time as Taiwan, or to Taiwan joining GATT ahead of China?

[Qian Qichen] I want to be very clear in answering your question. The only way China will agree to Taiwan's admission to GATT as a separate customs territory is after GATT has restored the PRC's status.

[French reporter, in English] Coming back to the question of my colleague from LE MONDE, could you please emphasize what sort of strong reaction China is contemplating? Can you also give us the details of the contract on how many planes and for how much money?

[Qian Qichen] We do not want to see a setback in Sino-French relations or see them seriously jeopardized; however, if the French side proceeds with this sale in spite of our representation, then we will be forced to react strongly because, as you know, other European countries, like the Netherlands and Germany, have all canceled their planned arms sales to Taiwan.

[KOREAN ECONOMIC DAILY reporter, in English] As you know, South Korea is one of the only countries in the world which does not have diplomatic relations with your country. Premier Li Peng clearly mentioned just

three days ago in his government work report that, quote, the Chinese Government is pleased to see the emerging relaxation of tension on the Korean peninsula and also this trend will grow, unquote. Now I have two questions. Do you think the establishment of diplomatic relations between China and South Korea will contribute to further relaxation on the Korean soil? Second question. Could you point out any preconditions and/or any timetable for establishing diplomatic relations with South Korea, if any?

[Qian Qichen] It is true that we hope to see the trend of further relaxation of tension and greater stability on the Korean peninsula. That is why we appreciate and support the agreements reached and the documents signed during the dialogue between the prime ministers of North and South Korea, and we hope to see their implementation. As for relations between China and the ROK, we have already exchanged nongovernmental commercial representative offices, and we are engaged in direct trade. We hope to see this relationship continue to develop. Also, the ROK foreign minister, Mr. Yi Sang-ok, is coming to Beijing in the capacity of ex-president of the United Nations Asia-Pacific Economic and Social Council (ESCAP). I will be meeting with Mr. Yi Sang-ok, and our meeting will mainly focus on those issues relating to ESCAP's work. Of course, we do not rule out the possibility of discussing other issues at the meeting, but at the moment there is no timetable for anything else that I can reveal here.

[AAMULEHTI reporter Chen Mao, in English] I am Chen Mao from the Finnish newspaper AAMULEHTI. The European Community is strengthening its political and economic cooperation. At the same time, in North America a trade bloc is being created, and, in Asia, there is discussion about another trade bloc, particularly, proposed by the Malaysian prime minister. And I would like to ask, in specific: What is China's attitude to the proposed bloc in the East Asian or Southeast Asian common market? Would China like to be a member? And, in general, is the creation of blocs like these a good thing? Is it stabilizing, or is it a new form of hegemonism by the strong trading nations?

[Qian Qichen] China takes a very clear-cut stand toward this issue; namely, China is playing an active part in all forms of regional economic cooperation. Nevertheless, China does not favor the establishment of any kind of exclusive trading bloc.

[RENMIN RIBAO reporter] I am (Zhang Guocheng), a RENMIN RIBAO reporter. Premier Li Peng pointed out in his government work report that the old world structure has broken down, while a new one has yet to take shape. We would like to ask you, Foreign Minister Qian, to talk about your views on the type of new world order that should be established. Thank you.

[Qian Qichen] The breakdown of the old world order refers to the termination of the system of postwar

polarization of confrontation between the two superpowers. What kind of new world order will appear in the future? The answer to this question, of course, will depend on the natural development of the world situation. We think it will very likely be a multipolar structure, that is to say, a multitude of forces will exist in our world at the same time. For example, North America, Asia, and Europe are economically different from each other. Under these circumstances, it is impossible for the world to be dominated by one superpower or for one superpower to monopolize international affairs. Therefore, we believe a multipolar structure is more likely.

[U.S. NEWS & WORLD REPORT reporter, in English] I am with U.S. NEWS & WORLD REPORT magazine. I was just wondering: As the superpowers scale down their presence in Asia, does China see itself moving into the vacuum and playing a greater role in guaranteeing regional security? And, if so, specifically, what sort of role does China envision for itself in guaranteeing regional security? Thank you.

[Qian Qichen] I think China is opposed to hegemonism. China itself will never seek to be a superpower. Therefore, the question of China's insertion of itself into the vacuum does not exist. China maintains that all countries, large or small, strong or weak, rich or poor, should be equal members of the international community and should participate in international affairs on an equal footing. Therefore, I think, this is the stand maintained by us.

[UPI reporter] This is (Mr. Mysam) from UPI. In recent years, and again in the prime minister's work report, we saw references to bourgeois liberalization [and] peaceful evolution. Do you really believe that there are foreign forces actively engaged in attempting to overthrow the Chinese Government or subvert it? And, if so, could you give us some specific examples, some evidence of this? Thank you.

[Qian Qichen] I do not think there is a need here for me to give you any specific examples, because some foreign politicians have clearly stated their intentions.

[Announcer] Now the last two questions.

[UNITED DAILY reporter] I am Singapore's UNITED DAILY reporter in Beijing. The Chinese Government has stressed on many occasions its willingness to develop good-neighborly relations with surrounding countries. Foreign Minister Qian, what progress has been made over the past year in relations between China and ASEAN? Also, what kinds of exchanges and cooperation does China plan to develop in political, economic, social, and cultural fields with ASEAN countries, especially Singapore, over the next few years? Finally, concerning the disputed sovereignty over the Nansha [Spratly] Islands, does China have new ideas for settling this dispute, which has been at a stalemate for so many years?

[Qian Qichen] We should say that there has been considerable development in relations between China and

ASEAN. ASEAN has six member states. In the past, we did not have formal relations with three of them, but now China has established diplomatic relationship with all of them. In addition, beginning last year, China began to take part in the opening ceremony of the annual ASEAN foreign ministers' meeting and also began to take part in dialogue among the six ASEAN foreign ministers. These kinds of contacts and dialogue will continue between China and ASEAN countries in the Philippines this July. We believe this is really considerable progress. Naturally, the settlement of the Cambodian issue has also created favorable conditions for further developing relations between China and ASEAN. I believe that China's relations with ASEAN countries, including Singapore, will further develop in economic and other fields. As for the Nansha Islands issue, China's stand is very clear and there is no change in that stand.

[Announcer] Let's give the last question to a lady.

[ZHONGGUO XINWEN SHE reporter] I am from ZHONGGUO XINWEN SHE. China now believes that it should seek and make use of the current favorable international environment. Could you tell us the specific contents? Thank you.

[Qian Qichen] I think that with the end of the bipolar world structure, there is no chance for a new world war to break out. The Asia-Pacific region's situation is relatively stable. East Asia has become a region with the most dynamic economy in the world. Also, China's good-neighborly and friendly relations with its surrounding countries have been steadily developing. China's solidarity with Third World countries has been increasingly strengthened. More and more countries have come to the realization that a stable China is in the interest of world peace and development. Plagued by an economic recession and suffering from a sluggish economic recovery, developed countries cannot ignore such a huge market as China. All these points show that it is a good time for China to accelerate economic reform and to take bolder steps in opening up to the outside world.

[Yao Guang] This is the end of the news conference.

Zou Jiahua, Wang Bingqian Address Session

*OW2103060192 Beijing XINHUA Domestic Service
in Chinese 0119 GMT 21 Mar 92*

[Text] Beijing, 21 Mar (XINHUA)—The Fifth Session of the Seventh National People's Congress [NPC] held its second plenary meeting this morning to hear State Council reports about the execution of the 1991 national economic and social development plan and the draft 1992 plan, a report about the execution of the 1991 state budget and the draft 1992 budget, and an explanation about the proposal concerning the construction of the Three Gorges Project.

At the State Council's request, Zou Jiahua, vice premier and minister in charge of the State Planning Commission; and Wang Bingqian, state councillor and minister of finance, gave the reports and made the explanation.

Zou Jiahua's report about the execution of the 1991 national economic and social development plan and the draft 1992 plan has these three points: 1) the execution of the 1991 plan; 2) the priorities and tasks of 1992; and 3) the speeding up of economic reforms and fulfilling all projects for 1992. He said that the execution of the 1991 national economic and social development plan was better than anticipated, but that certain economic problems have to be addressed.

According to Zou Jiahua, the general guideline for the 1992 plan is: Fully implement the party's basic line, speed up reform, open wider to the outside world, seek support from scientific and technological progress, and while maintaining an overall economic balance, give priority to restructuring the economic system and improving its efficiency and quality in order to bring about a sustained, steady, and coordinated economic development.

Wang Bingqian's report about the state budget centered on these three things: 1) the execution of the 1991 state budget; 2) the draft of the 1992 budget; and 3) the fulfilment of the 1992 state budget through increasing output and revenue and keeping expenditures and resource usage low.

Wang Bingqian said: According to initial figures, the total revenue of the state in 1991 reached 358.281 billion yuan, or 104.1 percent of its target; but the state spent 379.387 billion yuan, exceeding the target by 6.4 percent, causing a deficit of 21.106 billion yuan, or 8.76 billion yuan higher than anticipated. He said: The 1992 budget is based on the need to support the reform and opening programs, to upgraded technology, to increase output, to conserve resources, to improve economic efficiency, to improve levy control, to control expenditures, to ensure meeting the needs of priority projects, to bring deficits under control, and to achieve sustained, steady, and coordinated economic development.

Premier Li Peng submitted to the ongoing NPC session a State Council proposal, requesting the session to deliberate on the Changjiang Three Gorges Project. Li Peng said in his proposal that, the State Council, after earnest discussion at its executive meeting, proposes that the construction of the Three Gorges Project be incorporated with the 10-Year National Economic and Social Development Program; and that the State Council organize the implementation of the project at the appropriate time in accordance with the nation's actual economic situation and the availability of financial and material resources.

At the State Council's request, Vice Premier Zou Jiahua explained the proposal at the plenary meeting.

Zou Jiahua explained to the plenary meeting the deliberation concerning the Three Gorges Project, the importance and necessity of the project, its construction plans, technical feasibilities, feasibilities in raising construction funds, the issue of relocation of residents from dam sites, the ecology, civil air defense issues, and the proposals relevant to the construction of the project.

Further on Zou, Wang Reports

OW2203053092 Beijing XINHUA Domestic Service
in Chinese 0345 GMT 21 Mar 92

[Text] Beijing, 21 Mar (XINHUA)—The Fifth Session of the Seventh National People's Congress [NPC] held its second plenary meeting at the Great Hall of the People this morning to hear a State Council report about the execution of the 1991 national economic and social development plan and the draft 1992 plan, a report about the execution of the 1992 state budget and the draft 1992 budget, and an explanation about the proposal concerning the construction of the Three Gorges Project.

At the State Council's request, Zou Jiahua, vice premier and minister in charge of the State Planning Commission, and Wang Bingqian, state councillor and minister of finance, gave the reports and explained the proposal at the meeting.

Zou Jiahua's report about the execution of the 1991 national economic and social development plan and the draft 1992 plan covers these three parts: 1) the execution of the 1991 plan; 2) priorities and tasks for 1992; and 3) speeding up economic reforms and fulfilling all projects for 1992.

Zou Jiahua said: In 1991, all departments and regions earnestly adhered to the party's basic line of focusing on economic construction, upheld the four cardinal principles, and made persistent efforts in carrying out reforms and opening to the outside world. Thanks to the unity and hard work of people of all nationalities in the country, China achieved better results than anticipated in executing the national economic and social development plan and achieved remarkable successes in all sectors. Zou Jiahua also pointed out the economic problems that have to be addressed.

Concerning the priorities and principal tasks of 1992, Zou Jiahua said: The state will continue to attach great importance to strengthening agriculture by speeding up infrastructural irrigation construction; accelerate economic restructuring to improve economic efficiencies; rationally plan the size and structure of investment in fixed assets in order to improve efficiency; continue to improve the people's livelihood by increasing urban and rural market supply; speed up opening to the outside world in an effort to promote foreign trade and economic and technical exchanges and cooperation; accelerate

scientific and technological and educational development; and continue to expand public services, such as cultural activities, public health, and sports, in order to promote socialist ethics.

On speeding up economic restructuring, Zou Jiahua said that measures to be taken this year will include reducing the number of mandatory plans for production and commodity circulation and giving fuller scope to regulatory roles played by guidance plans and the market so that enterprises will gear their operation to market needs and replace their operating mechanisms; improving macroscopic regulation and control of investment in fixed assets so as to establish a rational and effective system that can exercise more effective control over construction projects; improving the state's industrial policies and improving regional layouts for various trades; improving the wage system under which there will be different kinds and grades of wages so that there will be mechanisms for regulating and controlling total payrolls and normal pay increases; improving the two-tier regulatory and controlling systems—central and local, which includes various provinces, autonomous regions and municipalities directly under the central government—in accordance with the principle governing rational division of labor and unity of powers and responsibilities; and intensifying indirect regulation and control and giving wider scope to economic and legal measures and policies.

Wang Bingqian's report on the state budget covers three areas: 1) The execution of the 1991 state budget; 2) the draft 1992 budget; and 3) the hard work of fulfilling the 1992 state budget through increasing output and revenues and conserving expenditures and resources.

Wang Bingqian said: According to initial figures, the total revenue of the state in 1991 reached 358.281 billion yuan, or 104.1 percent of the target; but the state spent 379.387 billion yuan, exceeding the target by 6.4 percent, incurring a deficit of 21.106 billion yuan, or 8.76 billion yuan higher than anticipated.

He said: In accordance with this year's political and economic situation and tasks, the 1992 budget is drawn up on the basis of the needs in supporting reform and opening programs; promoting technological development; increasing production; enforcing conservation of resources; improving economic efficiencies; intensifying control of levies; strictly controlling expenditures; ensuring the needs of priority projects; strictly controlling deficits; and achieving a sustained, steady and coordinated economic development.

Announcing a major financial administrative reform for the state, Wang Bingqian said: Beginning in 1992, the state will replace its single budget system with a dual budget system. The main point of the reform is to divide the state budget into a regular budget and a construction budget, and place various expenditures in the regular or construction budget according to the nature of the item.

He pointed out: The draft for the 1992 state budget is relatively liberal for revenues and relatively conservative for expenditures, and accomplishing all budgetary projects will be a formidable task. All regions and departments must attach greater importance to financial affairs, and they should understand and support financial affairs and broadly and deeply increase production and revenues and conserve expenditures and resources so that the state's budgetary plans can be successfully accomplished.

Premier Li Peng submitted to the plenary meeting a State Council proposal about requesting the meeting to deliberate on the construction of the Changjiang Three Gorges Project. Li Peng says in his proposal that the State Council, after earnest deliberations at its executive meetings, proposes that the construction of the Three Gorges Project be incorporated with the 10-Year National Economic and Social Development Program; and that the State Council will organize the implementation of the project at an appropriate time in accordance with the nation's actual economic situation and the availability of financial and material resources.

At the State Council's request, Vice Premier Zou Jiahua explained the proposal at the meeting.

Zou Jiahua explained to the plenary meeting about the deliberation of the Three Gorges Project, the importance and necessity of the project, construction plans, technical feasibilities, feasibilities in raising construction funds, relocation of residents from dam sites, the ecology, civil air defense issues, and proposals relevant to the construction of the Three Gorges Project.

He said: The State Council Committee for Examining the Three Gorges Project holds that the project is a huge water conservancy project which will yield enormous benefits in flood control, power generation, navigation, and water supply, and it will play an important role in protecting the lives and property of the 15 million people residing along the Jing Jiang. Building the Three Gorges Project is also essential in terms of increasing China's comprehensive national strength and building a strong foundation for national economic development early in the next century. The surveys, researches, designs, and experimentations conducted around the Three Gorges Project by people of all relevant departments and sectors have gone on for nearly 40 years since the early 1950's. As result of the depth of the work accomplished during the early stages, the state has a clear idea concerning the main problems as well as the solutions to those problems. All construction plans have been reassessed and reexamined, taking into consideration useful views and suggestions from people in all quarters, and so they have become even more perfect. As far as the Three Gorges Project is concerned, the work accomplished during the early stages can satisfy the needs for feasibility studies. He said: The Three Gorges Project is essential, it is technically feasible, and economically rational. As the nation's economic strength continues to grow, China will

be able to afford the cost. Thus, China has the resources needed for building the Three Gorges Projects.

The plenary meeting today was chaired by Chen Muhua, executive chairman of the meeting. Other executive chairmen present at the meeting were Ngapoi Ngawang Jingmei, Ye Fei, Yan Jici, Ding Guangxun, Batu Bagen, Ye Gongqi, Liu Fusheng, Liu Huaqing, Li Zhen, Chen Anyu, Zhao Pengfei, Aisin Giorro Fujie, Guo Zhi, Cheng Xu, and Huang Zhizhen.

Zou Jiahua Discusses 1991 Plan, Draft 1992 Plan

1991 Plan Well Implemented

OW2103013792 Beijing XINHUA in English
0107 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—Deputies to the ongoing Fifth Session of the Seventh National People's Congress (NPC) heard reports this morning on national development plan, state budget for 1992 and the motion on launching the Three Gorges Project submitted by the State Council.

In his report on the implementation of the 1991 Plan for National Economic and Social Development and the draft 1992 plan, Vice-Premier and Minister in Charge of the State Planning Commission Zou Jiahua said that the 1991 plan had been implemented better than expected.

To support his conclusion, he cited such accomplishments as production going up in all areas, China opening wider to the outside world, people's life further improved, and prices remaining basically stable.

The guiding concepts for the 1992 plan, according to the vice-premier, are to accelerate the pace of reform and open wider to the outside world, rely on progress in science and technology, and while continuing to maintain a balance between total supply and demand, concentrate on the important tasks of readjusting the economic structure and improving efficiency and quality in order to promote continued, steady and coordinated development of the national economy.

State Councillor and Minister of Finance Wang Bingqian said in his report on the implementation of the 1991 state budget and the draft state budget for 1992 that China's revenues exceeded the estimates contained in the 1991 budget plan while the deficit ran to 21.106 billion yuan, 8.76 billion more than the planned figure.

The state councillor said that 1992 will be an important year for China's national economy because it will enter a period of regular development following three years of improving the economic environment and rectifying the economic order.

The main principles for drafting the 1992 state budget, according to Wang, include supporting reform and opening up, upgrading technology, improving economic

performance, strengthening management of tax collection, exercising strict control over expenditures, and bringing the deficit under control.

Later, Zou Jiahua was authorized by the State Council to make explanations on the Three Gorges Project motion. Zou dwelled on investigations and studies of the project, its importance and necessity, efficiency, construction plan, technological feasibility, fund-raising and other issues related to the gigantic project.

Today's meeting was chaired by NPC Standing Committee Vice-Chairman Chen Muhua.

Further on Review of 1991

OW2103012792 Beijing XINHUA in English
0111 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—Chinese Vice-Premier Zou Jiahua said here today that China achieved notable successes in all areas last year and the implementation of the 1991 plan for national economic and social development succeeded beyond expectation.

Zou, also minister in charge of the State Planning Commission, made the remark in his report to the current Fifth Session of the Seventh National People's Congress (NPC) this morning.

According to preliminary statistics, Gross National Product (GNP) for 1991 increased by seven percent over 1990 and the national income registered a gain of 7.2 percent.

Zou said that total agricultural output value for the year increased by three percent over 1990. Grain output was 435.3 billion kg and cotton output was 5.66 million tons, both attaining the second highest yields in history.

The output of oil-bearing crops, sugar-yielding crops and roasted tobacco also reached new highs and the production of meat, aquatic products, vegetables and fruit all showed a considerable increase, he added.

He said that the total output value of industries across the country increased by 14.2 percent over 1990, with enterprises at the township level and above showing an increase of 12.9 percent.

Production of crude oil reached 139 million tons and raw coal, 1.09 billion tons, both slightly topping the previous year's output. Production of electricity reached 675 billion kwh, an increase of 8.7 percent; production of steel reached 70.57 million tons, an increase of 6.4 percent; and production of chemical fertilizer (counting only active ingredients) reached 19.88 million tons, an increase of 5.8 percent.

The transport of key goods and materials was fairly good, basically meeting the need to guarantee transport of goods necessary for industrial and agricultural production and of daily necessities, he said.

Reviewing the work of key construction and upgrading of technology, Zou Jiahua said that total investment in fixed assets was 527.9 billion yuan, an increase of 18.6 percent over 1990.

Zou said that there were 182 key projects, which had been rationally scheduled, completed ahead of time and 100 large and medium-sized capital construction projects, 155 individual works in large and medium-sized projects and 115 high-investment category improvement projects put into operation.

He said that the main productive capacities made available by capital construction across the country for 1991 were represented by the following: The mining of 27.14 million tons of coal, 11.84 million kw of power generating capacity, 1,158 km of double-track and electrified rail lines and a handling capacity of 6.09 million tons of cargo at coastal ports.

In his report, Zou said that the total value of retail sales for 1991 rose by 13.2 percent over the previous year's figure, or 10 percent when adjusted for inflation. Total retail sales of consumer items in urban and rural markets were up 16.1 percent and 10.4 percent respectively over the previous year.

According to customs statistics, he said, the total value of imports and exports for 1991 was 135.7 billion U.S. dollars, an increase of 17.5 percent over 1990. Exports increased by 15.8 percent and imports increased by 19.5 percent.

He noted that there was greater use of foreign funds in 1991. Agreements were signed for the use of 17.8 billion U.S. dollars, an increase of 47.6 percent, of which 11.3 billion U.S. dollars was actually used, an increase of 9.6 percent.

There were more than 12,000 enterprises approved to receive foreign investment last year. The total value of the signed agreements was 12 billion U.S. dollars, of which 4.37 billion U.S. dollars was actually invested, representing increases of 81.6 percent and 25.2 percent respectively over 1990, he said.

Development in the international tourist trade was rapid; overseas tourists brought in 2.84 billion U.S. dollars in foreign exchange for the year, an increase of 28.3 percent over 1990.

The foreign exchange balance of payments continued to improve, he added.

Talking about development in science and technology, education and all other areas of social undertakings such as culture, public health and sports, he said there was notable progress in all the science and technology programs carried out under the state plan and there was even more rapid spread and application of significant science and technology breakthroughs and achievements.

Zou Jiahua said that by the end of 1991 China had set up 27 national development areas for high and new technology industries. Large and medium-sized industrial enterprises initiated and put into operation a great number of technology development projects. The technology market and popular science and technology activities flourished as never before.

According to a sample survey, the per-capita disposable income available for living expenses for city and town residents in 1991 averaged 1,570 yuan, an actual increase of 7.7 percent after accounting for inflation in the prices of daily necessities. The per-capita net income for residents in the rural areas was 710 yuan, an actual increase of two percent over 1990 after accounting for the price readjustment.

He noted that last year 110 million sq m of living space was added in cities and towns and 720 million sq m of space in the countryside, improving the living conditions in urban and rural areas.

On economic restructuring, Zou said that a series of important reform measures were introduced in 1991, including substantial adjustments in the long-standing selling prices of grain and cooking oil rationed to urban residents, in addition to appropriate rises in the prices of crude oil, petroleum products, rolled steel, pig iron and other basic commodities as well as rail freight charges.

Furthermore, Zou added, the prices of certain commodities outside the plan were put on the same basis as those in the plan and price restrictions were lifted for certain products of processing and manufacturing industries.

He said that a series of reform measures was introduced to improve the operation of large and medium-sized state-owned enterprises and a new system of independent operation and responsibility for profits and losses instituted in foreign trade enterprises. Experiments in reforming the housing and social insurance systems were broadened in scope.

Sets Out 1992 Major Targets, Tasks

OW2103014792 Beijing XINHUA in English
0119 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—Vice-Premier Zou Jiahua said here today that in 1992 China must concentrate efforts on developing the national economy even better and work hard to make economic development proceed as quickly and efficiently as possible in order to increase the national economic strength and constantly improve the people's well-being.

In his report to the current Fifth Session of the Seventh National People's Congress, Zou said that the general guiding concepts for the 1992 development plan are: To quicken the pace of reform and open wider to the outside world; rely on progress in science and technology; and, while continuing to maintain a balance between total supply and demand, concentrate on the important tasks of readjusting the economic structure and improving

efficiency and quality in order to promote continued, steady and coordinated development of the national economy.

Zou, also minister in charge of the State Planning Commission, said that on the basis of vigorous structural readjustment and improved performance of the economy, the plan for 1992 calls for a six percent rise in the gross national product, including a 7.2 percent rise in the service sector.

He said that it is essential to work for a good harvest this year, and the 1992 plan calls for grain production to reach 435 billion kg, cotton 4.75 million tons, oil-bearing crops 16.5 million tons, meat 31 million tons and aquatic products 13.5 million tons.

He said that this year's plan sets total investment in fixed assets for the whole society at 570 billion yuan, an increase of eight percent over last year. Breaking this down, investment of fixed assets in state-owned enterprises and institutions will come to 387 billion yuan, investment in collectively-owned enterprises and institutions will come to 67.5 billion yuan and investment by individuals in both urban and rural areas will come to 115.5 billion yuan.

Zou said that according to 1992's planned figures for the output of major industrial products and the transport industry, raw coal output should reach 1.1 billion tons; crude oil, 140.5 million tons; electricity, 705 billion kwh; steel, 71 million tons; railway freight, 1.47 billion to 1.48 billion tons.

On this year's planned industrial capacity to be added by capital construction, Zou said that output of raw coal is 25.36 million tons; crude oil, 13 million tons; installed capacity of electricity, 8.63 million kw; ethylene, 115,000 tons; newly built railway lines put into operation, 630 km; electrified and double-track railway lines, 1,172 km; volume of freight handled at coastal ports, 28.19 million tons; and storage capacity for grains, 1.55 million tons.

The 1992 plan sets total value of retail sales at 1,055 billion yuan, a 12.3 percent increase over last year and the rise of retail prices will be restricted to no more than six percent, Zou said.

Zou Jiahua said, "further expanding the breadth and depth of the process of opening to the outside world was an important factor in our minds as we worked out the plan for 1992."

He stressed that this year China will continue to successfully run the existing special economic zones, economic and technological development areas, open cities and open regions, enabling them to make use of still more foreign funds, develop at a higher speed, become more successful and further display their exemplary role in the course of reform and opening up and the modernization drive.

At the same time, he pointed out, China will accelerate the development and opening-up of the new Pudong area in Shanghai.

The landlocked border areas and minority nationality areas will also be opened wider to the outside world and border trade and other forms of economic and technological exchange and cooperation with other countries will be greatly expanded, he added.

Zou noted that China must make use of foreign funds more boldly, fervently and effectively, especially in better absorbing direct investments from foreign entrepreneurs.

He said that China will continue to improve the investment environment, provide better guidance for orienting foreign investment and encourage more high-technology and export-oriented projects in line with the state's industrial policies.

On foreign trade, Zou said that efforts will be made to increase exports, make the export mix more reasonable, enhance the quality and grades of exports, and create a larger multi-outlet international market for Chinese export commodities.

He said, "we should energetically expand imports and make the import mix conform to the needs of domestic structural readjustment and acceleration of key project construction and key technological upgrading projects."

China will consolidate and develop on the advances made in the reform of the foreign trade system last year and continue to improve import and export management methods, making them conform to internationally accepted rules.

On the progress in science and technology and the development of education, culture, public health, sports and other social undertakings, Zou said, "we shall conscientiously put into practice the concept that science and technology constitute a primary productive force, taking effective measures to facilitate progress in science and technology."

This year, he said, China must do well in the following three aspects: First, while centering on developing new products, improving the quality of products and reducing consumption of resources, we must encourage wider application of up-to-date practical scientific and technological advances and expand the use of electronic technology in every trade and profession.

Second, China must make proper arrangements for undertaking 145 key scientific and technological projects.

Third, China must carefully and methodically build up the new and high technology development areas which have already been approved and establish research centers in certain important fields, such as a research center for optical fiber communications engineering and a research center for new types of farm chemicals.

Zou noted that since this year is the peak of the third baby boom in China, a good job of family planning must be done conscientiously and the natural population growth rate this year should be held below 14.33 per thousand.

More on 1992 Economic Measures

OW2103064392 Beijing XINHUA Domestic Service
in Chinese 0140 GMT 21 Mar 92

[Text] Beijing, Mar 21 (XINHUA)—Zou Jiahua, vice premier of the State Council and also minister in charge of the State Planning Commission, stressed today at the Fifth Session of the Seventh National People's Congress [NPC] that while deepening enterprise reform and expanding the market, it is necessary to improve macroeconomic regulation and control and implement appropriate steps to shift the functions of government departments.

In his "Report on the Implementation of the 1991 Plan for National Economic and Social Development and the Draft 1992 Plan," Zou Jiahua outlined six measures in this regard:

- In line with the need to encourage enterprises to compete in the market and change their operational mechanisms, mandatory plans for production and distribution will be appropriately reduced and more use will be made of guidance plans and regulation by market forces. Central and local authorities should make a thorough screening of the current scope of mandatory plans, trimming as many mandatory targets as possible. He announced that in 1992 the state will reduce the number of mandatory plans for rolled steel, pig iron, sulphuric acid, soda ash, caustic soda, tires, timber and cement.
- Macroeconomic regulation and control of investments in fixed assets will be improved and investment profiles will be made more rational and effective in order to strengthen control over the entire course of project construction. Measures in this regard include: Expanding the decision-making power of enterprises over investment by allowing them to obtain funds and materials by themselves in order to start ordinary technology upgrading projects and make investment in minor construction projects; promoting various forms of state control of shares and methods of joint investment and systematically increase the issue of bonds, shares and various types of securities; seriously looking for ways to establish a scheme for amassing construction funds that is stable, charges a low rate of interest and has a good rollover cycle; introducing a bidding system for the selection of designing, contractors, equipment supply, construction, and project management; introducing, step by step, a system of project responsibility; and stepping up efforts for the drafting of laws and regulations governing the management of investment in fixed assets.
- The state's industrial policies will be perfected and planning for the development and geographical distribution of industries and trades will be carried out carefully. Efforts will be made to improve the state's industrial policies, as well as measures for implementing them, for the period of the Eighth Five-Year Plan, taking into account the changes in economic development over the past few years and the existing contradictions. At the same time, efforts will be made to improve the industrial plans of the various departments under the State Council and the regional economic development plans.
- Energetic efforts will be made to perfect the scheme of controlling wages by differentiating them into various levels and categories and gradually formulating a mechanism for regulating and controlling the total wage bill and maintaining its normal growth. The principal measures include: Deepening the reform of the internal distribution systems in enterprises; enterprises will have the authority to adopt by themselves their own internal distribution systems within the scope of state plans and policies; the scheme of "linking wages with efficiency" will be further improved in enterprises; improving and perfecting the enterprises' financial systems will be made; tightening the collection of individual income regulatory taxes; bringing into full play the regulatory function of tax collection; and strengthening the cash management of banks.
- In accordance with the principle of the rational division of labor and integration of power and responsibility, steps will be taken to perfect the two-tier system of regulation and control exercised by the central government on one level and the provinces, autonomous regions and municipalities directly under the Central Government on the other. The general requirements are as follows: Business, as well as the decision-making and regulatory authority due to them, that should be undertaken or exercised by local authorities, should be delegated to lower levels; on the other hand, business, as well as the decision-making and regulatory authority due to them that should be undertaken or exercised by the central authorities, must be centralized at the central level. In this way, we can integrate indispensable centralization with appropriate decentralization and bring into full play initiatives at both the central and local level. Apart from implementing unified central plans and policies, the various provinces, autonomous regions, and municipalities may draw up comprehensive plans for and exercise overall management over the economic and social activities in their respective region.
- Efforts will be made to intensify indirect regulation and control, making greater use of economic, legal, and policy means. While retaining the necessary direct regulation and control, efforts will be made to intensify indirect control and make greater use of economic levers of all types, economic policies, and economic regulations to guide the operations of the economy.

Energetic efforts will be made to study the establishment of a new structure, schemes, and methods for macroeconomic regulation and control. He said that in order to ensure the continuity and stability of policies, the State Council has approved, beginning from 1992, a two-year rollover plan to be drawn up on a trial basis.

Sets GNP Growth Rate at Six Percent

HK2003065192 Hong Kong WEN WEI PO in Chinese
20 Mar 92 p 2

[By WEN WEI PO reporter team: "Zou Jiahua Report Sets GNP Growth Rate at 6 Percent This Year, Stresses Vigorous Increase of Imports"]

[Text] Beijing, 19 Mar—Zou Jiahua, vice premier and state planning minister, is expected to report on the national economic development situation last year as well as on this year's planning arrangements at the National People's Congress meeting on the 21st. Special features of his report are as follows:

On the GNP, last year's growth rate was 7 percent and this year's will be set at 6 percent. Last year's industrial growth rate was 14.2 percent, but this year's figure has not been announced yet.

Last year's fixed assets investments stood at 527.9 billion yuan or an increase of 18.6 percent. This year's figure is set at 570 billion yuan or an increase of 8 percent.

Total imports and exports last year amounted to 135.7 billion yuan or a 17.5-percent increase, displaying an excellent momentum as demonstrated in a 15.8-percent rise in exports and a 19.5-percent rise in imports. Active efforts will be made to increase imports this year.

The per capita living expenditure income of urban and rural residents stood at 1,570 yuan last year or a real growth of 7.7 percent; per capita income of rural residents was 710 yuan or a real increase of 2 percent. The country's bank savings at the end of the year stood at 910 billion yuan—a very sizable figure.

Zou Jiahua also highlighted the following points in this year's planning and reform features:

(1) Underline the market's role. The report is punctuated by passages like "organize production in line with market demands," "give full play to the positive role of market regulation and control," "gradually push enterprises toward the market," and "actively apply the market's competitive mechanism."

(2) Reduce command planning. The extent of existing command planning should be cleared up comprehensively and reduced whenever possible from the central authorities to the localities.

(3) Delegate powers. Undertakings as well as decision-making and readjustment powers which should be left with the localities should be so delegated.

Reform Viewed as 'Most Important Key'

OW2103014192 Beijing XINHUA in English
0124 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—Chinese Vice-Premier Zou Jiahua said here today that the most important key to fulfilling the tasks set for national economic and social development in 1992 is to seize the opportune moment to accelerate reform and increase its impact and momentum.

Zou, also minister in charge of the State Planning Commission, made the remark in his report to the ongoing Fifth Session of the Seventh National People's Congress.

On China's reform measures, he said that use of mandatory plans for production and distribution will be appropriately reduced and more use will be made of guidance plans and regulation by market forces in line with the need to encourage enterprises to compete in the market and change their operational mechanism.

He pointed out that both central and local authorities should make a thorough screening of the current scope of mandatory plans, trimming as many as possible.

The State Council has decided that in 1992 the state will reduce the number of mandatory plans for rolled steel, pig iron, sulphuric acid, soda ash, caustic soda, tyres, timber and cement, concentrating on reducing the number of mandatory targets for delivery of goods by large and medium-sized enterprises responsible for producing state-allocated items, and conscientious efforts will also be made to improve measures used to implement mandatory plans.

Zou stressed that macroeconomic regulation and control of investment in fixed assets will be improved and the investment profile be made more rational and effective in order to strengthen control over the entire course of project construction.

He said that China will conscientiously implement the measures for expanding the decision-making power of enterprises over investment by allowing them to obtain funds and materials by themselves in order to start ordinary technology upgrading projects and to make investment in minor construction projects provided that they follow the state's industrial policies and investment scale plans.

The country will promote various forms of state control of shares and methods of joint investment and systematically increase the issue of bonds, shares and various types of securities with a view to raising funds from the public for use in developing key industries and building urgently needed projects, he said.

Zou Jiahua noted that China will seriously look for ways to establish a scheme for amassing construction funds

that is stable, charges low rates of interest and has a good rollover cycle to ensure a reliable source of funds for the country's key projects.

Meanwhile, he said, state investment corporations will be improved and made better use of.

He said that the state's industrial policies will be perfected and planning for the development and geographical distribution of industries and trades will be carried out carefully.

Energetic efforts will be made to perfect the scheme of controlling wages by differentiating them into various levels and categories and gradually formulate a mechanism for regulating and controlling the total wage bill and maintaining its normal growth, Zou noted.

In accordance with the principle of rational division of labor and integration of power and responsibility, steps will be taken to perfect the two-tier system of regulation and control exercised by the central government on one level and the provinces, autonomous regions and municipalities directly under the Central Government on the other, he added.

Zou stressed that efforts should be made to intensify indirect regulation and control, making greater use of economic, legal and policy means.

On the measures to be adopted this year for readjusting the industrial structure, Zou said that targets for the economic appraisal of industrial production will be revised.

He said that starting this year, China will institute targets for the added value of industrial production and perfect the targets for the appraisal of economic efficiency of industrial production that indicate economic turnover and economic efficiency. The total output value will only be considered as a general statistical target.

He said that the production of readily marketable products, name brand and high-quality products, high-tech and new-technology products and other products production of which is encouraged, should be supported by means of loans, preferential taxation policy, material supply and transport facilities.

'Rollover' Planning System Described

*OW2103054292 Beijing XINHUA Domestic Service
in Chinese 0126 GMT 21 Mar 92*

[Text] Beijing, 21 Mar (XINHUA)—Zou Jiahua, vice premier and concurrently minister in charge of the State Planning Commission, announced at the Fifth Session of the Seventh NPC [National People's Congress] today that the State Council has approved the compilation of a two-year rollover plan [gun dong ji hua 3340 0520 6060 0439] beginning this year. People in economic circles regard this as a major step towards being able to improve the method and system of compiling China's national economic and social development plans, saying it will

help strengthen macroeconomic guidance and maintain policy continuity and stability.

According to the State Planning Commission, China's current planning structure can be divided by the length of the plan into an intermediate and long-term plan (5 and 10 years) and an annual plan, with the annual plan being the one that is implemented in practice. However, a draft annual plan cannot be basically completed until the last days of the year before its implementation or until the first days of the year in which the plan is to be implemented, while a formal plan will come out only after it is considered and approved by the NPC at its session. Because of this, it is usually very late by the time an annual plan is transmitted to the lower levels, and it is even later when it reaches the grass roots. As a result, it becomes very difficult to use the annual plan as a guide for directing the economic activities of the various economic implementation units. In addition, in drafting the annual plan, attention usually focuses on the balance of the year in question, and very little study is made of the funds and materials needed for production and construction activities beyond that year—and very little study is made on the residual effects of various factors in economic operations. This is detrimental to raising the level of macroeconomic regulation and control and to maintaining the continuity and stability of macroeconomic policies.

The two-year rollover plan is composed of two annual plans. The first is the annual plan being compiled for immediate implementation, while the second is a framework plan that provides macroeconomic guidance and is available for making prearrangements. The framework plan will be revised and substantiated, and will become the annual plan when another two-year rollover plan is compiled the following year, and then a new framework plan will be compiled, which again will become the annual plan for the subsequent year. This rollover process will continue year after year.

This method of compilation enables us to look both ahead and behind in planning, to consider more deeply those questions related to the arrangement of the annual plan, to maintaining stability and continuity in our macroeconomic policies, and to further raising the scientific standards of our planning work and making this a better macroeconomic guide. At the same time, it is conducive to linking the annual plan with the five-year plan and ensuring that the country's intermediate and long-term development strategies, goals, and major principles and policies are implemented more successfully.

A responsible person from the the State Planning Commission said: Judging from the level of China's planning work and economic forecasting, it is practical to compile a two-year rollover plan on a trial basis and then to explore ways to establish a system for drawing up a rollover plan system.

'Backgrounder' on 'Rolling Plan'

OW2203085492 Beijing XINHUA in English
0813 GMT 22 Mar 92

["Backgrounder": "Rolling Plan"]

[Text] Beijing, March 22 (XINHUA)—China will try the two-year rolling plan system to replace the annual plan practice beginning this year in a bid to strengthen the overall economic control and ensure the good continuity and stability of the economic policies, according to Chinese Vice Premier Zou Jiahua.

The vice premier announced the new practice in his report on the implementation of the 1991 Plan for National Economic and Social Development and the Draft 1992 Plan at the on-going session of the Seventh National People's Congress Saturday.

The existing planning system in China embraces the long- and medium-term (five or 10 year) plans and the annual plan, with the annual plan as the main form.

The annual plan system, according to the Vice Premier, is unfavorable for overall economic control and regulation or for keeping the continuity and stability of economic policies. Often, the annual plan is drafted at the beginning of the year or at the end of the preceding year and fixed after the national people's congress gives the approval. When it reaches the plan execution units, it is already too late, making it very difficult to direct the economic activities of units implementing the plan.

At the same time, the annual plan gives little attention to the follow-up funds and materials needed in production and construction activities that span at least two years, thus making it unfavorable for the overall economic control and regulation and for ensuring the continuity and stability of economic policies.

The two-year rolling plan system is a dual annual plan system. The first annual plan is similar to that practiced in the past and the second annual plan is a mere framework plan which only gives the overall guidance and some pre-arrangements. When planning for the next two-year period, the latter will be revised and specified into the detailed first annual plan while another framework plan is worked out. This planning process goes on and on in a continuous manner like the rolling of a ball.

The new practice makes planners better able to look both ahead and behind and draw the annual plan from a longer point of view, thus facilitating to maintain stability and continuity of the overall economic policies.

On Restructuring, Improving Efficiency

OW2103141292 Beijing XINHUA Domestic Service
in Chinese 0143 GMT 21 Mar 92

[Text] Beijing, 21 Mar (XINHUA)—In his report at the Fifth Session of the Seventh National People's Congress [NPC], Zou Jiahua, vice premier of the State Council

and minister in charge of the State Planning Commission, set forth specific objectives, requirements, and measures for restructuring the economy and improving economic efficiency.

In his "Report on the Execution of the 1991 National Economic and Social Development Program and on the Draft 1992 Plan," Zou Jiahua said: Restructuring includes further reasonably readjusting the structures of the primary, secondary, and tertiary industries; readjusting the internal structures of various industries; readjusting product makeup; readjusting enterprises' organizational structure; readjusting regional economic setups; and coordinating the relationship between economic and social development. He pointed out: This year we should step up the construction of basic industries and infrastructural facilities, strive to restructure and reform the processing industry, and speed up development of the tertiary industry; in particular, we should strive to make noticeable progress in improving product makeup and enterprises' organizational structures.

Zou Jiahua outlined the basic objectives and requirements in the following five areas for this year's work of restructuring the industry and improving economic efficiency:

- We should apply ourselves to expanding domestic and international markets, strive to increase production of readily marketable products and products of good quality, strive to develop new products, and sustain a steady growth in the energy industry, industry of important raw and processed materials, the transportation industry, and the communications industry.
- We should organize production work according to market demands and limit the production of products that are not readily marketable or the supply of which outstrips demand, so that no new overstocks will be created.
- We should strive to readjust product makeup and enterprises' organizational structure, and close, suspend the operations of, or merge some enterprises that have excess production capacity, whose products are not marketable, or that cannot be turned into profitable ones, or to direct these enterprises to shift to producing goods that meet market demands.
- We should continue to launch "the year of quality, variety, and efficiency" activities; strive to make our products as good as or better than the best products we have ever made; and strive to make some of our products meet international standards. We should relentlessly crack down on the manufacturing and selling of fake and low-quality products, and should strive to make progress in reducing funds tied up by products and finished products, in accelerating circulation of funds, in reducing material consumption, in minimizing the scope and amount of enterprises' losses, and in increasing enterprises' profits and taxes delivered to the state.

—We should endeavor to economize on and make comprehensive use of resources. Our objective for this year is to save energy equivalent to 20 million tonnes of standard coal and to save and use other materials to replace 15 million cubic meters of timber.

To achieve these objectives, Zou Jiahua outlined the following seven measures:

First, beginning this year, we will establish indicators for industrial growth values and modify the indicators for appraising and evaluating industry's economic efficiency, which mirror economic circulation and economic efficiency. Total output value will be used only for general statistical purposes.

Second, we will use loans, taxation, material supply, transportation, and other means to support the production of readily marketable products, famous brand-name products, high- and new-technology products, and products whose development is encouraged.

Third, we will announce a list of major products whose production is suspended, limited, or encouraged; we will announce relevant market information in a timely manner.

Fourth, we will link the reduction of unreasonable stocks to granting loans for technological transformation and as circulation funds. We will further settle debt chains to accelerate fund circulation.

Fifth, we will strive to promote commodity sales.

Sixth, we will further lift control over the prices of some products whose supply outstrips demand or whose supply and demand are basically balanced, in order to enable market regulation to play a positive role.

Seventh, we will faithfully carry out the central authorities' policies and measures on invigorating large and medium-size state-run enterprises, actively work to transform enterprises' management mechanisms, and continue to establish enterprise groups to enable enterprises to achieve better combined economic efficiency.

Wang Bingqian Reports on 1991 Budget, '92 Draft

On 1991 Revenue, Deficits

OW2103102692 Beijing XINHUA Domestic Service
in Chinese 0138 GMT 21 Mar 92

[Text] Beijing, 21 Mar (XINHUA)—While making a report today at the Fifth Session of the Seventh National People's Congress [NPC] on the execution of the 1991 state budget, State Councillor and Finance Minister Wang Bingqian said: The state's 1991 financial revenues exceeded budgeted targets, and the state's financial expenditures basically met regular needs for economic construction and other development projects.

Wang Bingqian pointed out that, because of serious disasters in some localities and because some expenditures exceeded budgeted amounts by quite large margins, last year's financial deficits exceeded the set figures.

Wang Bingqian provided more details: According to initially compiled statistics, the state's total financial revenue in 1991 was 358.281 billion yuan, or 104.1 percent of the budgeted amount; and the state's total financial expenditures were 379.387 billion yuan, or 106.4 percent of the budgeted amount, resulting in a deficit of 21.106 billion yuan—8.76 billion yuan more than the budgeted amount. Of this deficit, 18.066 billion yuan were from the central government and 3.04 billion yuan were from local governments.

In reviewing the implementation of last year's budget, Wang Bingqian pointed out: Last year, state finances faced many contradictions and difficulties and numerous factors resulting in decreased revenue and increased expenditures that cropped up in the process of executing last year's budget. Under these circumstances, all localities and departments as well as the masses of finance and taxation cadres made painstaking efforts and did a great deal of work in developing production, deepening reform, increasing revenues, controlling expenditures, and strengthening management.

Explains Budget Guidelines

OW2103101292 Beijing XINHUA Domestic Service
in Chinese 0137 GMT 21 Mar 92

[Text] Beijing, 21 Mar (XINHUA)—State Councillor and Minister of Finance Wang Bingqian pointed out at the Fifth Session of the Seventh National People's Congress today that the main principles in preparing the 1992 state budget are to vigorously support reform and opening up, promote technological progress, pay attention to increasing production and practicing economy, raise economic results, strengthen the management of tax collection, tighten the control of expenditures, insure the need of major projects, strictly control financial deficits, and promote a sustained, stable, and coordinated development of the national economy.

Wang Bingqian said the draft state budget for 1992 is compiled in accordance with above-mentioned principles. He said: According to the budget layout by single entry [an dan shi yu suan bian lie 2174 0830 1709 7315 4615 4882 0441], state revenues in 1992 will be 391.213 billion yuan, representing an increase of 9.2 percent over the previous year, and total expenditures will be 411.999 billion yuan, representing an increase of 8.6 percent over the previous year, leaving a deficit of 20.786 billion yuan. According to the budget layout by multiple entry [an fu shi yu suan bian lie 2174 1788 1709 7315 4615 4882 0441], the regular revenues will be 302.241 billion yuan and the regular expenditures will be 257.631 billion yuan, leaving a surplus of 44.61 billion yuan. The total income from constructive projects [jian she xing yu suan shou ru 1696 6080 1840 7215 4615 2392 0354] will be 74.957 billion yuan, and the total expenditures from

constructive projects will be 154.368 billion yuan, leaving a deficit of 79.411 billion yuan, which will be covered by raising funds and borrowing money.

Wang Bingqian also made some explanations on certain questions in compiling this year's draft state budget:

- Investments in agriculture, science and technology, and education will be further increased.
- State-owned large- and medium-sized enterprises should be further improved. After implementing a series of measures last year and this year, funds for technological transformation of enterprises may be increased by about 15.5 billion yuan.
- The amount of state bonds will be increased. In 1992, the state will generate 38 billion yuan from domestic debts, increasing by 9.875 billion yuan as compared with last year, which is a temporary measure designed to postpone the peak period for debt repayment and alleviate the pressure on balancing this year's state budget.

Discusses Dual Budget System

OW2103145592 Beijing XINHUA Domestic Service
in Chinese 0151 GMT 21 Mar 92

[Text] Beijing, 21 Mar (XINHUA)—State Councilor and Minister of Finance Wang Bingqian today spoke on changing the layout of the state budget from a single budget system to a dual budget system this year at the Fifth Session of the Seventh National People's Congress. He said: The basic content of this reform is to divide the present state budget into a regular budget and a construction budget, and the various expenditures will be placed in the regular or construction budget according to different nature of various items.

Wang Bingqian noted that a dual budget system has certain advantages compared to a single budget system. He said: One can get a direct feel for the scale of regular budget revenues and expenditures and the scale of a construction budget revenue and expenditures, along with their corresponding sources of finance, making it easier to implement the principle of acting according to one's capabilities. When a regular budget is determined, strict control can be exercised over the relation of revenues to expenditures, and the resulting surplus can be used for economic development. The construction budget is determined according to the need to maintain a proportionate scale of construction. The new system facilitates performance analysis and supervision of budget revenues and expenditures to strengthen financial control.

Wang Bingqian also pointed out: This year is the first time that we are to prepare the state budget according to the dual budget system. The division of various revenues and expenditures still may not be very scientific and reasonable. We must therefore gradually improve them through practice and constantly analyze and solve problems which may arise.

Agriculture, S&T Investments To Rise

OW2103093162 Beijing XINHUA Domestic Service
in Chinese 0131 GMT 21 Mar 92

[Text] Beijing, 21 Mar (XINHUA)—State Councilor and Finance Minister Wang Bingqian said today that more investments will be given this year to agriculture, science, and technology, and education. He said the state's budgeted expenditures this year for agriculture increases 7.2 percent over last year and this year's expenditures for education and science increase 11.3 percent and 7.4 percent, respectively, over last year.

While making a report at the Fifth Session of the Seventh National People's Congress [NPC] on the execution of the state's 1991 budget and on the draft 1992 budget, Wang Bingqian pointed out: Adding other budgeted expenditures and nonbudgeted funds used in the three aforementioned fields, this year's state investment is 56.611 billion yuan for agriculture, 61.651 billion yuan for education, and 19.451 billion yuan for science and technology.

In his report, Wang Bingqian also said: Based on the same computation method, the state's investment in agriculture was 53.713 billion yuan last year, investment in education was 55.739 billion yuan, and investment in science and technology was 17.873 billion yuan—each of which was more than the previous year.

Earlier, while making a report at the NPC session on this year's planning work, Zou Jiahua, vice premier of the State Council and minister in charge of the State Planning Commission, said agriculture and water conservancy work are also listed as key capital construction investment projects, and that investments in capital construction projects for science and education also will increase.

1992 Budget 'Uphill Climb'

OW2103022292 Beijing XINHUA in English
0212 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—China's state revenues in 1992 are projected to be 391.213 billion yuan and total expenditures to be 411.999 billion yuan, leaving a deficit of 20.786 billion yuan, according to State Councilor and Minister of Finance Wang Bingqian.

Presenting a budget report to the current session of the Seventh National People's Congress today, the finance minister said that the projected revenues and expenditures represent an increase of 9.2 percent and 8.6 percent respectively over 1991.

He told the more than 2,000 people's deputies that China will increase investment in key projects in agriculture, science and technology, and education in the new year despite the serious financial difficulties.

In 1992, he said, the state will invest 56.611 billion yuan in agriculture, 61.651 billion yuan in education and 19.451 billion yuan in science and technology.

He said that the state departments concerned with finance decided that, starting in 1992, large and medium-sized state-owned industrial and transport enterprises will gradually be exempted from contributing enterprise depreciation assessments to funds collected for construction of key energy and transport projects and for the state budget regulating fund.

That will be accomplished over a period of three years, exempting one group of enterprises at a time until all are exempt, he said. The exemptions for this year will total 4 billion yuan across the country.

Over a period of three years the income tax for large and medium-sized enterprises will be reduced from 55 percent to 33 percent, reducing the tax for one group of enterprises at a time. Reduction in this tax for the first group of enterprises will total one billion yuan in 1992, he added.

Wang said that the state budget for 1992 includes 38 billion yuan of revenue generated by the domestic debt, an increase of 9.875 billion yuan over the actual figure of 1991. This is a temporary measure designed to postpone the peak period for debt repayment.

He said that fulfilling the 1992 state budget will be an uphill climb as the fullest accounting of all possible revenues and expenditures has been made in the budget.

Wang demanded that all localities and departments vigorously develop the economy, raise economic efficiency and expand sources of revenue.

Meanwhile he called for strictly controlling the budgetary expenditures, strengthening management and supervision of finance and strictly enforcing the national financial and economic laws, regulations and discipline so as to fulfill the 1992 state budget.

Li Peng Submits Three Gorges Project to Session

*OW2103030092 Beijing XINHUA in English
0252 GMT 21 Mar 92*

[Text] Beijing, March 21 (XINHUA)—China's State Council today formally submitted the motion on the Three Gorges Project to the on-going Fifth Session of the Seventh National People's Congress (NPC) for examination.

In the motion, Premier Li Peng said that owing to many factors, water resources of the Yangtze River, the longest in China, have not been fully exploited and its floods have not been fundamentally controlled.

Li Peng noted that the flood-diversion capacity of the river channels of the middle and lower courses in general

and that of the Jingjiang reaches in particular is still far too small for the large floods that may come from the upstream.

He said that as the ground level along the banks of the river is generally lower than the level of the floods, once there is exceptionally serious floods, the banks would collapse resulting in great losses, which he said will seriously affect the national economy as a whole.

The premier pointed out that practice in harnessing the Yangtze River in past decades and the research and feasibility studies of various plans and schemes show that the flood control problem in the middle and lower reaches of the Yangtze River require comprehensive measures and the construction of the Three Gorges Project is one of the key measures.

He said that the flood-controlling capacity of the Three Gorges Project will be enhanced to cope with floods rare in a century as compared with the worst flooding in a decade at present.

The premier said that along with other measures, the project can prevent devastating disasters in the section of Jingjiang River in the middle reaches of the Yangtze River.

When completed, the annual electricity output of the project will be 84 billion kwh., or one eighth of China's present total electricity output. It will provide energy important to the economic development of East China, central China, and eastern Sichuan Province. The project will also enhance the shipping capacity of the Sichuan section of the Yangtze River and will enable 10,000 dwt fleets to reach Chongqing Harbor for half of the year. It will benefit the economic development in southwest China and the development of shipping services on the Yangtze River.

Over the past four decades, a great number of scientists, engineers and technicians from related departments and institutions have conducted a great deal of surveying, scientific research, designing and experiment. In recent years, people of all fields raised many new ideas and suggestions concerning the resettlement of millions of residents in the reservoir areas, ecology and protection of environment, sedimentation in the upper reaches of the Yangtze River, collection of the enormous investment need and its recovery.

Li Peng held that all of the suggestions and ideas are highly beneficial to furthering the feasibility study of the project and improving the schemes for the project.

The premier said that after many years' research, feasibility study and examination, the town of Sandouping, in Yichang County of Hubei Province, has been chosen as the site of the Three Gorges Dam. The crest of the dam is projected to be 175 meters high with its crest being 185 meters and the storage capacity 39.3 billion cubic meters. The generating capacity of the hydropower station is expected to reach 17.68 million kilowatts.

The total investment calculated in static method for the project amounts to 57 billion yuan and it is expected to take 15 years to complete the construction of the principal part of the project.

Li Peng pointed out that the Three Gorges Project is unprecedented in scale, involving complicated technology, enormous investment and long period of construction.

The resettlement of the people in the areas of the reservoir in particular constitutes a difficult problem, he noted.

He said that the problems which have been found should be further tackled and solved properly while preparations should be made for problems and difficulties which might crop up in the future.

He said that the executive meeting of the State Council approved the undertaking of the construction of the Three Gorges Project after meticulous discussion.

He suggested that the project be listed in the Ten-Year Program for National Economic and Social Development and that the State Council be empowered to implement it at an appropriate time in light of the actual conditions of national economy and the country's financial and material resources.

Zou Jiahua Presents Bill

OW2103031092 Beijing XINHUA in English
0255 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—Chinese Vice-Premier Zou Jiahua said here today that the Three Gorges Project is a comprehensive water conservancy scheme that will have a great bearing on the economy and development in the areas of central, eastern and southwestern parts of China and even in the whole country.

Presenting a bill for endorsement by the people's deputies to embark on the multibillion Three Gorges Project, Zou said that it has always been a major concern of the central authorities and the people of all circles to relieve the state and the whole nation of the worries about severe flooding in the middle and lower reaches of the Yangtze River, especially the Jingjiang section, whose development occupies an important position in China's economy.

He said that the Three Gorges Project is a key engineering project but not all for harnessing the Yangtze River by comprehensive measures.

But, he noted, it plays a part that is irreplaceable by any other measure, regarding flood prevention.

By virtue of the favorable geographical location, Zou noted, the project can control 95 percent of the flood water that pours into the Jingjiang section of the river and about two-thirds of the flood water flowing into the section above Wuhan City. It can also control the floods

resulting from downpours in an area of about 300,000 square kilometers that flow into the reservoirs of the various tributaries in the upper reaches of the Yangtze River.

The Three Gorges Project, Zou said, can raise the anti-flood standard at the Jingjiang section from being able to cope with the largest in ten years to being able to cope with the largest in 100 years. If auxiliary water storage and flood diversion projects are built, destructive floods can be prevented in the section, he said.

Zou Jiahua said that the construction of the Three Gorges Project will also go a long way to alleviate the electricity shortage and lighten the burden of coal supply and transportation in the central and eastern parts of the country and the eastern part of Sichuan Province.

As the Three Gorges Project is located in the central part of the country, only about 1,000 kilometers from various electricity load centers, it will make it easy for the major power grids to form a nationwide power supply networks, thus raising the quality and efficiency of their power supply.

According to the plan for the proposed Three Gorges Power Plant, the annual power output will be 4 billion kwh, accounting for about one-eighth of China's total in 1991, or equivalent to the combined output of 14 coal-fired power plants each with a generating capacity of 1.2 million kw or to three coal mining areas together with its transport facilities, each producing 15 million tons of coal a year.

Another benefit of the Three Gorges Project, the Vice-Premier said, is that it can expand the navigation course and boost the shipping capacity of the Yangtze River.

The feasibility study shows that the project, when completed, would completely change the conditions of the 660-kilometer navigation course from the city of Chongqing to Yichang and it will allow 10,000 dwt class ships to sail from Wuhan to Chongqing without interruption for six months of the year and the annual shipping capacity downstream alone will be raised to 50 million tons from the present 10 million tons.

Apart from its functions of preventing floods, generating electricity and boosting shipping capacity, the vice-premier said, the project can increase the volume of water in the Yangtze River in the dry seasons, thus facilitating the efforts to divert water from the river to the north to ease the water shortage.

The project will also benefit irrigation, aquaculture and tourism in the reservoir area, he added.

He said that on August 3, 1991, the Examination Committee for the Three Gorges Project under the State Council unanimously approved the examination of the report of the feasibility study of the Three Gorges Project, deeming it necessary to embark on the project, which is technically feasible and economically reasonable.

Zou said that through years of study and examination, it has been decided to complete the project in a single phase, with water to be stored by stages and displaced people to be resettled in a continuous manner.

On January 17, 1992, the Executive Meeting of the State Council studied and discussed the report of the Examination Committee and agreed to construct the project and decided to submit the bill to the NPC for deliberation.

Views History of Project

OW2103234592 Beijing XINHUA Domestic Service
in Chinese 0230 GMT 21 Mar 92

[Text] Beijing, 21 Mar (XINHUA)—Speaking today at the second plenary meeting of the Fifth Session of the Seventh National People's Congress [NPC], Zou Jiahua, vice premier of the State Council, said: The Sanxia [Three Gorges] project is gigantic and will have far-reaching effects. The State Council has always taken an active but prudent viewpoint regarding its construction. At present, the project is basically ready for entering the policymaking process.

On 16 March, Premier Li Peng presented to the NPC "The State Council's Motion for the Purpose of Deliberating on Building the Sanxia Project in the Chang Jiang." The motion says: Construction of the Sanxia project is a key initiative for preventing floods in the middle and lower reaches of the Chang Jiang in an all-around way. Besides, the project can yield enormous overall economic and social benefits in power generation, navigation, irrigation, water supply, and economic development in areas around the reservoir. It has an important bearing on the acceleration of our country's modernization process and on the general improvement of national strength.

The State Council's motion notes: After conducting studies, demonstrations, and reviews over the years, we have designated Sandouping Town in Yichang County, Hubei Province, as the site of the Sanxia Dam. The dam to be put across the river will be 1,983 meters [m] long. The top and largest sections of the dam will be, respectively, 185 m and 175 m high. The dam will normally hold water up to a level of 175 m, and its total capacity is 39.3 billion cm. The total installed capacity of the hydroelectric power station will be 17.68 million kilowatts, and total investment as calculated by the static method will come to 57 billion yuan (in terms of 1990 prices). The principal section will be built over a period of 15 years. The project will be able to generate electricity during its ninth year of construction. All construction funds will be repaid with returns generated by the project within a relatively short period of its completion. After serious discussion, the State Council's executive meeting suggested listing the project in the 10-Year Program for National Economic and Social Development. The project will be launched by the State Council at an appropriate time in accordance with the actual situation in the national economy and the country's financial resources and manpower.

Entrusted by the State Council, Zou Jiahua first recounted the process of examining the Sanxia project while explaining the motion at today's plenary meeting. He said: Since 1950's, relevant departments and the broad ranks of scientific and technical personnel have conducted many surveys, scientific research schemes, designing tasks, and tests in connection with the Sanxia project. In particular, various social sectors have offered many new suggestions and opinions regarding the project since 1984. These opinions have played a very positive role in conducting more thorough and better demonstrations on the project and in perfecting the results of such demonstrations. He said: The scale of preparatory work for the Sanxia project, the time it took to conduct such work, and the thoroughness of research and demonstrations virtually have no parallels at home or abroad. The project is the product of diligent and practical efforts made by thousands of experts and engineers over a protracted period. It is also the result of differing opinions and repeated demonstrations in the spirit of democracy.

Zou Jiahua also expounded the importance and necessity of building the Sanxia project in the Chang Jiang. He stated: Vast areas in the Changjiang Valley are susceptible to flooding and drought. The plains in the middle and lower reaches of the river are especially prone to serious flooding. The floods have an enormous impact on the national economy and constitute serious latent scourges for our country and nation. During the more than 40 years since the birth of New China, the party and the government have led the people in building large-scale flood prevention projects in the Changjiang Valley, thus playing a tremendous role in ensuring economic construction and in safeguarding the people's lives and property in the middle and lower reaches. At present, the middle and lower reaches of the Changjiang are still too narrow to accommodate the huge floods from the upper reaches. The situation is especially serious in the Jingjiang section, where only some 60,000 cm of floodwater—including that emptying into Dongting Hu [lake] to the south—is now able to pass safely within a second. The flood crests that hit Zhicheng in the upper Jingjiang section in the years 1860 and 1870 reached 110,000 cm per second. During flood season, the water level in the Jingjiang section rises 6 m above the river banks, sometimes towering over 10 m. Because of increasingly serious sedimentation, Dongting Hu—which diverts, regulates, and stores floodwater in the middle reaches of the Chang Jiang—is shrinking steadily, further sharpening the contradiction between the river's limited capacity for accommodating floodwater and the large amount of floodwater flowing down from the upper reaches. This has further strained the heavily taxed flood prevention capability in the Jingjiang section. Our country's important commercial grain bases are situated on both sides of the Jing Jiang, where 15 million people live and 23 million mu of farmland is located. There are also a number of important large and midsize cities, industrial and mining enterprises, communications facilities, and oilfields. Any breaches—whether in the southern or

nothern dikes or both—will cause heavy losses in the lives and property of the broad masses of people and will seriously affect our country's overall national economic construction efforts. Experiences gained from harnessing the river over the past several decades, as well as repeated studies and demonstrations, point to the need for taking comprehensive harnessing measures and for initiating a complete system for overall flood prevention as a way of solving the problem of flood prevention in the middle and lower reaches of the Changjiang, especially in the Jingjiang section. Measures adopted for overall harnessing should supplement each other's strong points and compensate for each other's shortcomings. Moreover, efforts must be taken to further enhance such measures. Construction of the Sanxia project constitutes the key aspect of the many measures taken for overall harnessing purposes.

Zou Jiahua said: Located in a geographically favorable place, the Sanxia project can control over 95 percent of floodwater in the Jingjiang section and about two-thirds of the floodwaters to the west of Wuhan. In particular, it can effectively control floodwater spawned by rainstorms in areas extending from reservoirs located in various tributaries in the upper reaches to within approximately 300,000 square kilometers of the dam site. This function can hardly be performed through other flood prevention measures. The project can reduce the frequency of serious flooding in the Jingjiang section from decade to decade and century to century. Supplemented by flood diversion and storage facilities, it can prevent ruinous disasters in the Jingjiang section, reduce the flow of water and sand into Dongting Hu, and lengthen the lake's life span by curbing sedimentation and lightening its burden of flood prevention. Moreover, the project can significantly reduce losses in the middle reaches as a result of flood diversion, storage, and release; diminish flood threats to areas around Wuhan; and play a considerable role in preventing floods in the lower reaches. Early construction of the Sanxia project is essential for protecting lives and property in the middle and lower reaches of the Chang Jiang—especially the lives and property of more than 15 million people to the south and north of the Jingjiang section—and for ensuring long-term social stability and sustained, stable, and coordinated development in the national economy. This is our primary consideration in launching the project.

He said: The Sanxia project can generate enormous overall benefits. The Sanxia hydropower station will be able to generate 84 billion kilowatt-hours of electricity annually. This represents approximately one-eighth of the total amount of electricity generated in all of 1991. Construction of the project will have an important bearing on efforts to alleviate energy shortages in central China, eastern China, and areas to the east of Sichuan. It also will have an important impact on efforts to relieve coal shortages and to ease pressure on transportation facilities. After the project's completion, navigational conditions in the Chuan Jiang are expected to improve,

resulting in an increase in one-way shipping volume from the current 10 million tonnes to 50 million tonnes. Shipping costs will be slashed by 35 to 37 percent. For six months in any given year, 10,000-tonne-class ships will be able to sail directly to Chongqing, thereby paving the way for bringing economic development to the southwest and promoting shipping services in the Chang Jiang. Additionally, the project will facilitate the supply of water to cities along the Chang Jiang, help divert water from the south to ease water shortages in the north, and benefit irrigation, aquatic production, tourism, and economic development in areas around the reservoir. It has an extremely important bearing on efforts to promote economic development in the central, eastern, and southwestern parts of China, or even in all parts of the country.

Turning to the construction scheme for the Sanxia project, Zou Jiahua said: After conducting repeated studies and demonstrations, we decided on a construction scheme that sets the normal level of water in the reservoir at 175 m, envisions a dam top that is 185 m high, and calls for "launching first-class development projects, building the dam at one time, constructing water storage projects in stages, and resettling local residents on a continuous basis."

After giving an account of the project's technical feasibility, Zou Jiahua went on to discuss ways to collect construction funds for the project. He said: Though requiring a fairly large sum of investment, the Sanxia project will be funded over a protracted period. Funds needed before the power station goes into operation account for approximately half of the total amount of money needed. After the power station goes into operation, incomes derived from electricity generated by it and by the Gezhouba power station will be used basically to pay for the construction funds. Hence, the key to raising funds for the Sanxia project lies in obtaining approximately 30 billion yuan (in terms of 1990 prices) of construction funds needed before the power station goes into operation. Besides raising the rate of electricity generated by the Gezhouba power station and collecting funds for building hydroelectric power projects, we can obtain money from various social sectors by issuing bonds and stocks, borrowing money, and using overseas funds. Construction funds for the project can be obtained if the central and local governments work enthusiastically to raise money through multiple channels.

Zou Jiahua also explained in detail plans for resettling local residents and for preserving the ecological environment.

In conclusion, Zou Jiahua discussed the proposal for bringing the Sanxia project into the policymaking process. He said: The examination committee for the Sanxia project under the State Council maintains that it is necessary to build the Sanxia project, which is technically feasible, reasonable in economic terms, and sustainable by the nation in light of the latter's economic development. Hence, the project is basically ready for

entering the policymaking process. He said: Over the past century or so, the Chang Jiang has experienced major flooding on five occasions. Valley-wide heavy flooding has not occurred for the approximately 40 years since 1954. In a certain sense, the threat of heavy flooding is on the rise. Serious floods that hit the Huai He and Taihu last year heightened concern among people from all walks of life throughout the country for the construction of the Sanxia project as well as their sense of urgency concerning the early commencement of the policymaking process. Given our country's current political, economic, and social stability, now is quite the appropriate time for bringing the Sanxia project into the policymaking process.

Zou Jiahua said emphatically: The Sanxia project is gigantic. It requires a huge sum of investment and a long construction period. Besides, it necessitates the massive resettlement of local residents and involves complicated technical efforts. It has an extensive impact and entails extremely arduous construction tasks. In carrying out relevant work in the future, we should fully assess various potential difficulties and problems, give ample consideration to them, carefully deal with them, take a serious approach, and listen to the opinions of various sectors so as to make the Sanxia project safer and more reliable. Furthermore, we should fully motivate people in all circles to work together for the success of a project that will benefit future generations.

Notes Problems Concerning 3 Gorges

OW2103032392 Beijing XINHUA in English
0259 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—Zou Jiahua, vice-premier and concurrently minister in charge of the State Planning Commission, today assured the more than 2,000 people's deputies that resettlement of displaced people, ecological effect and all other problems concerning the Three Gorges Project can be solved.

Explaining the bill on the long-disputed Three Gorges Project submitted by the State Council for endorsement at the current annual session of the Seventh National People's Congress, the vice-premier admitted that resettling the people displaced by the Three Gorges Reservoir is a key and thorny problem in construction of the Three Gorges Project. But, he said, success in the experiments over the past six years has boosted the confidence in solving the problem.

According to the 1985 statistics, the Three Gorges Reservoir will inundate 24,000 hectares of farmland of 19 counties and cities in Sichuan and Hubei provinces and displace 720,000 people.

Zou told China's top legislative body that the State Council decided to carry out experiments in 1985 in resettling displaced people by engaging in development projects instead of by way of compensation and this has proved a success.

However, the vice-premier warned that as it is an arduous task to resettle such a large population, it needs full estimation of the problems involved and brooks no lax in efforts and attention.

On ecological and environmental problems, Zou said that construction of the Three Gorges project has both favorable and unfavorable impacts on the local ecology and environment.

The favorable effects include mitigating the damages on ecology and environment which would otherwise be caused by floods, reducing the sedimentation and shrinking of the Dongting Lake, increasing the volume of water and improving the quality of water in the Yangtze in dry seasons, facilitating water diversion from the river to the north, and reducing air pollution which would otherwise be caused by waste gas, waste water and waste slags discharged by coal-fired power plants.

The unfavorable effects are that the undertaking of the project, if not properly handled, might sharpen the already sharp contradiction between land and people, cause new water loss and soil erosion, pollute part of the reservoir, affect some of the historical relics and sites and natural landscape, displace water plants and some rare species of water animals and plants, and silt up part of the reservoir.

On the safety during times of war, Zou said, experiments and study began in the 1950s and it was found that the best way to mitigate losses when the dam is paralyzed by nuclear attacks is to lower or drain the reservoir before signs of war appear.

Model tests show that damages would be extensive if the dam is subject to sudden attack, but no destructive disasters would be caused on the banks of the Jingjiang section of the river thanks to the buffer effect of the narrow gorges.

The vice-premier told the deputies that the problems about sedimentation, earthquake-induction and stability of reservoir banks have been thoroughly studied by experts and counter-measures have been worked out.

'Unfavorable' Documents on 3 Gorges Suppressed

HK2203032192 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 22 Mar 92 p 6

[By Daniel Kwan in Beijing]

[Text] Delegates to the National People's Congress [NPC] have been denied access to documents containing arguments unfavourable to the controversial Three Gorges Project.

The suppression of the documents came at a time when the parliament is to decide within two weeks whether to launch the mega-project costing billions of yuan.

Prime Minister Mr Li yesterday formally submitted his proposal to the law-making body, asking for an endorsement to go ahead with the project.

According to Mr Li's proposal, the project would cost at least 57 billion yuan (HK\$81 billion) and would take more than 10 years to construct.

In order to build a gigantic dam over the Three Gorges, a minimum of 720,000 people would have to be resettled and farmland covering 19 counties and cities would be submerged.

Apart from Mr Li's proposal, the Minister of State Planning Mr Zou Jiahua also submitted a report to the NPC explaining why the project should proceed.

Both Mr Li's proposal and Mr Zou's report included little information arguing against the project.

Mr Huang Shun-shing, a delegate representing Taiwan, said: "They should not withhold these documents. We should be allowed to hear different opinions on this project".

The documents—copies of which have been seen by the Sunday Morning Post—contained articles written by such liberal scientists as Mr Zhou Peiyuan, Mr Sun Yuegi and Mr Qian Jiaqu.

Other authors included the former vice-minister for water conservancy, Mr Li Rui, and former deputy director of state planning, Mr Tian Fang.

Most of the articles argued against the project, saying it would cause serious damage to the environment, impose a severe drain on the state coffers and that the future dam might become a military target if China engaged in battle with another country.

One article cited Chinese history to show that any attempt to tame the Yangtze River was doomed to failure.

"History teaches us that nature was not to be tampered with," it said. "And the Three Gorges Dam must only be built after very careful consideration."

Mr Wang Zen, a researcher for China's Forestry Society, criticised the project for bringing irreparable damages to the wildlife along the Yangtze.

"Extensive felling of trees will have to be made if the government decides to go ahead with the project," Mr Wang wrote.

Other authors suggested the Three Gorges could be replaced by smaller dams which were less expensive and damaging to the environment.

Some of their articles were included in a book called *The Yangtze* edited by dissident journalist Dai Qing.

The documents entitled, *A Compilation of Different Opinions Concerning the Three Gorges Project*, were compiled into eight volumes.

They were jointly compiled by the Ministry of Energy and Ministry of Water Resources three years ago.

But instead of releasing them to all NPC delegates, only individual members have been allowed access.

The secrecy was believed to be a high-handed tactic by the government to suppress dissent in the parliament.

Meanwhile, Chinese Government officials yesterday expressed optimism the Three Gorge Project would be passed by the NPC.

Minister of Water Resources Mr Yang Zhenhuai said the government could afford to build the mammoth project.

"The Three Gorges would not affect other key constructions in the country," he said. "There are different means of financing and the money we need in the initial construction period is only very little, there should not be any problem."

Even the Sichuan governor, Mr Zhang Haoruo, whose province would be affected most by the project, said national interest should have "overriding" significance in deciding whether to go ahead with the scheme.

Atmosphere Prior To Session Opening Described

OW2003223092 Beijing XINHUA Domestic Service
in Chinese 1335 GMT 20 Mar 92

["Literary sketch" by reporter Ma Kuijun (7456 7608 0689)]

[Text] Beijing, 20 Mar (XINHUA)—It was half an hour before the formal opening of the Fifth Session of the Seventh National People's Congress [NPC]. Deputies from various parts of the country, wearing smiles, zealously stepped out of buses and swarmed into the Great Hall of the People.

While the session would formally open in half an hour, deputies from various places, with various kinds of joy, cheerfully gathered in the lobby of the Great Hall of the People.

To the more than 2,900 deputies of the Seventh NPC, this year's session is their last gathering. As old friends from different regions, they of course had a lot to tell each other during the reunion. In their cordial conversation, they showed sincere feelings and exchanged information on new developments and situations in various localities.

Reporters are even more excited than the deputies. To discover news stories from the deeds and words of the deputies, reporters think that they need more than two eyes and two ears to do the job. A photographer from the People's Liberation Army, his face streaming with sweat, kept taking snapshots of one deputy after another and

occasionally stopped only to take notes. Two reporters from TIANJIN RIBAO, notebooks in hand, "sniffed around" here and there. It seemed that they would never stop until they could dig out some news.

There were two busy spots in the crowded hall. One was the post office, where people were vying to get the first-day souvenir postmark of the NPC and CPPCC sessions. Some older people shrank back at the sight of the large crowd there.

The other busy place was the legal and statistical consultancy office, where many deputies found needed information on making proposals. Professor Xu Xueshou, a deputy from Anhui, asked the office a total of 13 questions. He told reporters that a proposal on "educational investment law" was jointly put forward by him and 100 other deputies from the cultural and educational profession from 11 provinces and that they wanted to find some legal basis for the proposal. The legal and statistical consultancy office did not disappoint them. In less than 30 minutes, satisfactory answers were provided to more than 100 questions raised by some 50 deputies.

When the bell for opening the session rang, the deputies filed into the solemn auditorium. It soon quieted down in the lobby, but the cheers of the excited NPC deputies lingered in the air there.

Calls for Expedited Reform Heard

OW2003133792 Beijing XINHUA in English
1318 GMT 20 Mar 92

[By XINHUA correspondent Jing Hua: "People Call for Faster Reform, Opening-Up on NPC Day"]

[Text] Beijing, March 20 (XINHUA)—A faster pace of reform and opening to the outside world is the common wish of folks in and outside the Great Hall of the People in the center of the Chinese capital.

People's deputies from all parts of the country flocked to the Great Hall, where Premier Li Peng was to deliver the government work report at the opening meeting of the Fifth Session of the Seventh National People's Congress (NPC).

In the hall, "reform and opening" was almost on everybody's lips.

Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, had just found the seats reserved for government ministers when he was surrounded by a crowd of reporters from Hong Kong, Macao and Taiwan. He was asked about new reform measures to be launched this year and the degree of the mainland's opening-up.

In the lounge, Hainan Governor Liu Jianfeng, Guangdong Governor Zhu Senlin and Shanghai's party Secretary Wu Bangguo, became the hot pursuits of foreign as well as Chinese journalists.

Lau Nai Keung from Hong Kong, a National Committee member of the Chinese People's Political Consultative Conference, who attended the meeting as observer, said, "It's entirely correct to expand reform and opening and quicken the pace of economic development." An economic boom on the mainland will be "tremendous encouragement" to Hong Kong residents.

An NPC deputy from Xinjiang, Rahfu Abbas, said opening wider with efforts focusing on economic growth will "do much good" to the development of border regions like Xinjiang. The autonomous region has entered into different forms of cooperation with the Republic of Kazakhstan.

For Li Jinbiao, a deputy from Shanxi Province who runs a private business, the coordinated reform measures discussed in the government work report are "just what we expected." "I am confident that the government's policy on private economy will remain unchanged," he said, adding that "as individual businessmen, we should conscientiously observe laws and place priority on the quality of products and service."

Zhou Langxi from Hubei said, "We won't allow the resources of the Yangtze River to be wasted any more." He called the State Council's motion on launching the Three Gorges Project "timely" and "representing the wishes of people in the middle and lower reaches of the Yangtze River." He hopes the motion will be approved at the session.

The NPC session drew the attention of many Beijing-based foreign diplomats, who took up seats for visitors on the second floor of the hall.

First Secretary Daniel Blaize of the French Embassy, who had attended two previous sessions, called this year's meeting "more interesting and more exciting," for the event takes place amidst a good atmosphere of more reforms and opening.

Guyan Ambassador Ronald Austin referred to the "significant progress" China scored in the last decade or so, saying he expected to see how Premier Li Peng "outlines China's further development."

Outside the Great Hall, the ongoing session aroused deep interest among Beijing's residents and tourists.

Some 400 passengers gathered in front of a large TV screen in the Beijing railway station watching the live broadcast of the opening ceremony.

In a department store in downtown Wangfujing, dozens of customers crowded the TV counter to see Premier Li Peng delivering the government work report.

Zhang Lian, an engineer from Shijiazhuang in Hebei Province, said he hoped the new programs and measures mentioned in the report will be "fully carried out down to the grassroots units."

On the Tiananmen Square, Yu Xuexing, a miner from east China's Shandong Province, said, "I know the NPC is in session over there," pointing in the direction of the Great Hall.

Wu Bangguo, Others Anticipate Session

*OW2203005592 Shanghai People's Radio Network
in Mandarin 2300 GMT 20 Mar 92*

[*"Special Dispatch by Station Correspondent Zhang Baogong in Beijing," from the "Morning News" program*]

[Excerpts] The lobby of the Great Hall of the People is warm this morning. It is only 20 minutes away from the opening of the Fifth Session of the Seventh National People's Congress [NPC]. Deputies from various parts of the country are talking to each other, eagerly looking forward to the exciting moment. We use this opportunity and ask Deputy Wu Bangguo to say a few words about the NPC session.

[Begin Wu Bangguo recording] The NPC session is an important meeting held after Comrade Xiaoping gave a series of important instructions in Shanghai and other parts of Southern China and after members of the CPC Central Committee Political Bureau made a special study of issues concerning the development of reform programs. As far as Shanghai is concerned, the issue is: How it can resolutely and fully implement the line of the Central Party Committee, focus its attention on economic construction—the central task—and seize the current opportunities to boost Shanghai's economic development. In fact, this meeting is very important for the whole country, and it is an important event in our political life. [end recording]

Deputy Zhang Yan, who is standing beside us, continues. [Begin Zhang Yan recording] The current session is the last session of the Seventh NPC. Our country has seen a lot of changes over the past five years, especially in agriculture. The country has achieved world-renowned success in that area and has solved the basic food and clothing needs of 1.1 billion people. This has laid the foundation for overall economic reforms, especially commodity price reform, in the future. Although this is the last session of the Seventh NPC, I feel it signifies a new mobilization and a new expedition as far as the country's economy is concerned. [end recording] [passage omitted]

Former Zhao Associate Comments on NPC Activities

*HK2003141092 Beijing ZHONGGUO XINWEN SHE
in Chinese 1204 GMT 20 Mar 92*

[Excerpt] Beijing, 20 Mar (ZHONGGUO XINWEN SHE)—[passage omitted]

Hu Qili Answers With a Smile: "I Am Only in Charge of Electronics"

After the opening ceremony concluded, Deputy Hu Qili stepped out of the conference hall and was immediately surrounded by domestic and foreign reporters. One of them asked him if the main task of the current ideological work was guarding against "Leftism." Hu Qili answered with a smile: "I am only in charge of electronics; propaganda is not my responsibility. I can tell you something if you are interested in microelectronics." He also said that he recently visited Guangdong and discovered that Guangdong had changed greatly: "The market is prospering, production is developing, and it has scored very good achievements in many areas."

United Front Deputy Head on Returning Dissidents

*HK2203030092 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 22 Mar 92 p 6*

[By Daniel Kwan in Beijing]

[Text] Dissidents who fled China after the 1989 crackdown on pro-democracy protesters in Tiananmen Square would not face persecution if they returned to China, said a senior Chinese Government official yesterday.

Ms Wan Shaofen, deputy head of the United Front Work Department, said overseas Chinese students and dissidents were welcome to return home to "contribute to the development of the country."

"They won't face persecution if they come home," the deputy director said, at the opening of the National People's Congress [NPC] in Beijing. "We will do all we can to find them jobs."

"It doesn't matter what their political views are. Our doors are open."

But Ms Wan declined to say if dissidents such as Mr Wu'erkaixi and Ms Chai Ling who were on the government's wanted list of criminals would escape prosecution.

Prime Minister Mr Li Peng also gave his pledge in his government report that China's doors were open to the overseas dissidents.

"The overseas students are the national treasure of our country," Mr Li said. "regardless of their political views, we welcome them to return home to take part in our socialist construction."

Meanwhile, Mr Tao Siju, the minister of public security, said Mr Han Dongfang, formerly an underground trade union leader, was free to organize protests in Beijing.

"He is free to do so, as long as he follows the rules to apply with the Beijing City authorities," China's police chief said.

Mr Han threatened to organise a demonstration in Beijing during the NPC session to protest against the treatment of dissidents in China.

Deputies Discuss, Praise Li Peng Report, Issues

OW2003211992 Beijing XINHUA Domestic Service
in Chinese 1352 GMT 20 Mar 92

["Feature" by reporters Chen Yan (7115 7159) and Liu Haimin (0491 3189 3046)]

[Text] Beijing, 20 Mar (XINHUA)—According to the timetable of the Fifth Session of the Seventh National People's Congress [NPC], deliberation of the government work report is scheduled for next Monday [23 March]. However, these reporters have found that many delegations have already begun deliberations this afternoon even though the session just opened this morning.

Deputy Dou Ruixia from Wanfa village of Fanrong Township in Fuyu County, Heilongjiang Province, explained to reporters: "We all think that the premier's report has a great deal of substance, and we want to gather sooner to discuss it and express our views." Before she left home for Beijing, many villagers asked her to find out whether the responsibility system with the household contract linking output to payment will change and whether they can sell their surplus grain. The answers to these questions have been found in the premier's report today. Pointing to the report, this simple and honest farmer said with a smile: "Now we farmers are reassured."

More than 50 deputies from Xinjiang Uygur Autonomous Region met this afternoon. Chairman Amudun Niyaz of the autonomous regional people's congress standing committee said: According to the timetable, we should read documents this afternoon. However, the deputies are full of emotion after hearing the premier's government work report. So we began the deliberations ahead of schedule at the deputies' request. During the deliberations, many deputies of minority nationalities praised this year's government work report for displaying a realistic spirit. It is shorter yet rich in contents, or "ya ke xi" in the Uygur language.

When the reporters arrived at the quarters of the Henan delegation, a lively discussion was in progress, with deputies vying to speak. Some of them are from state-owned enterprises or rural areas, and others are prefectoral and city leaders. They reported good news from various trades and professions. They also reflected the aspirations of the people at the grass-roots level for furthering reforms and opening up to the outside world.

It was almost 6 pm, but the deputies in group three of the Jilin delegation were still engaged in a lively discussion. NPC Deputy He Zhukang, secretary of the Jilin Provincial CPC Committee, said with intense feeling: Jilin should go with the current of reform and opening up to the outside world, as other parts of the country are doing,

and emancipate its mind. "Jilin should not lose the opportunity of development again."

Tibet's Hu Jintao on Prospects

OW2003142692 Beijing XINHUA in English
1353 GMT 20 Mar 92

[Text] Beijing, March 20 (XINHUA)—The Tibet Autonomous Region will seize the current good opportunity to deepen reforms and open wider to the outside and give a big push to its economy by proceeding from reality and under the precondition of ensuring stability, Tibet Autonomous Regional Party Secretary Hu Jintao said here today.

Hu made the remarks during groups discussions of the government work report presented by Premier Li Peng to the current session of the Seventh National People's Congress which opened here today.

Reviewing the situation in 1991, the first year for the implementation of the Eighth Five-Year Plan (1991-95), Hu said, like other areas of the country, Tibet enjoyed political stability and economic development forged ahead. The region gathered in 580 million kg of grain and animal husbandry also registered some progress despite natural disasters. The region also scored remarkable increases in industrial production and exports and the people's living standards improved.

Hu attributed to the achievements to [as received] the firm implementation of the basic line of the party and the special policies granted to the region by the central government.

There are great hopes for building a socialist new Tibet characterized by unity, prosperity and a high level of culture and ethics as long as continued efforts are made to carry out to the letter the party's basic line, that is, focusing on the central tasks of economic construction and keeping to the policy of reform and opening to the outside world.

However, Hu pointed out, due to unfavorable geographical conditions and historical reasons, the level of productive forces of Tibet is still low and its per capita grain and income are lower than the national average and the economic development is not as fast as other provinces and autonomous regions.

The acceleration of the development of the productive force in Tibet, Hu Jintao said, calls for further emancipation of the minds and a bolder approach to reform and opening up, more realistic policies and measures and a down-to-earth work.

Analyzing the situation for accelerating economic development in Tibet in the next decade, Hu said that, with the deepening of the anti-separatist struggle, the consciousness of the people of all nationalities in Tibet has been heightened and the social order is characterized by

stability and unity, this has provided the favorable conditions for furthering reform and opening to the outside world.

Internationally, more and more people have come to know about the truth of the "Tibetan issue" and the international environment is also favorable to the development of Tibet, he said.

Besides, he noted, reforms and opening to the outside world in experience for Tibet's economy to develop. [sentence as received]

At the same time, Hu noted, the central government's support for the fulfillment of the "Eighth Five-Year" Plan in Tibet and the key construction projects supported by the central government have provided the material conditions and staying power for the development of the economy in Tibet. All these, plus the all-out support of other provinces and regions, the economy in Tibet is sure to get a great impetus for faster development. [sentence as received]

Hu Jintao pledged to work out concrete measures in line with the actual local conditions for accelerating reforms and opening to the outside world and mobilize all positive factors and focus on economic development in the region.

Wu Bangguo, Others Interviewed

OW2003141892 Beijing Central Television Program
One Network in Mandarin 1100 GMT 20 Mar 92

[Recorded statements from interviews with National People's Congress Deputies Bai Qingcai from Shaanxi, Wu Bangguo from Shanghai, Wang Bin from Guangdong, Yang Yingjun from Guangdong, Liang Guangda from Guangdong, and Sun Weibun from Heilongjiang by an unidentified station reporter outside the Great Hall of the People in Beijing on 20 March; from the "National News Hookup" program]

[Text] Following the opening ceremony of the Fifth Session of the Seventh National People's Congress [NPC], a station reporter interviewed several deputies who had just heard the government work report.

[Bai Qingcai] The government work report conforms with reality and has pointed out tasks clearly. Also, it was very inspiring.

[Wu Bangguo] Because of the concern shown by the party Central Committee, the State Council, and the personal leadership of the revolutionaries of the older generation, Shanghai's Pudong area will have some initial achievements in 1992. By the end of this century, a new Shanghai (?district) will emerge on the east bank of Huangpu Jiang.

[Wang Bin] I am very happy because the Shenzhen Special Economic Zone [SEZ] has made great achievements since its founding 10 years ago. Premier Li Peng's

report has fully affirmed those achievements. It is hoped that even greater development can be made in the future.

[Yang Yingjun] Now that our country has political and social stability, and people's minds are at ease, this is an opportune time to promote our country's economic construction. Our schools should train capable people in better ways to meet the needs of reform and opening.

[Liang Guangda] I am convinced that Premier Li Peng spoke very well in his report today. He touched on many issues. I am very inspired after hearing his report. It shows how our country will promote reform and opening in the future. As I am from the Zhuhai SEZ, I am of course very inspired after hearing the report. I think we are fully confident in the future of the policy of reform and opening, and I am sure that there will be even greater development.

[Sun Weibun] It is necessary to further liberate our thinking and speed up the pace of reform and opening. We should take advantage of this opportunity to promote our country's economic and social development.

Guangdong's Zhu Senlin Comments

HK2203060192 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0606 GMT 21 Mar 92

[Text] Beijing, 21 Mar (ZHONGGUO TONGXUN SHE)—After listening to Li Peng's government work report, Guangdong Provincial Governor Zhu Senlin told reporters that the whole report gives expression to the spirit of Deng Xiaoping's speeches he made during his trip to the south. As an experiment zone for reform and opening, Guangdong is shouldering heavy tasks, but he believes that with the support of the central authorities and the joint efforts of the people in Guangdong from top to bottom, Guangdong can certainly quicken the pace of reform and opening.

Zhu Senlin pointed out: Guangdong has developed rather rapidly in recent years, but its economic strength is still far from the goal. Moreover, Guangdong's achievements were made with the support of the central authorities. An overseas opinion holds that Guangdong is contending for self-rule and is trying to contend for power from the central authorities. This is absolutely impossible. Without the support of the central authorities, Guangdong would not have been as successful as it is today. When talking about the issue of financial revenue's turnover, Zhu Senlin said that Guangdong can increase the revenue turnover to the central authorities and should make great contributions, and this is a matter of course. Naturally, this will also depend on Guangdong's actual capacity. If it has a larger capacity, its contributions should also be larger. At present, Guangdong increases financial contributions by 9 percent every year, and this is a rather high growth rate.

When asked about Guangzhou's plan to build a horse race course, Zhu Senlin said: This is a type of sports. Horse racing is a traditional sports event in China, so it

can be developed. Of course, it must be prevented from becoming a kind of gambling. Without imitating Hong Kong's method of taking house racing as gambling, we may still organize some puzzle games with prizes. It is believed that this will be permissible.

More on Zhu's Remarks

OW2203035192 Beijing XINHUA Domestic Service
in Chinese 1452 GMT 21 Mar 92

[By reporter Wu Shishen (0702 1102 3234)]

[Text] Beijing, 21 Mar (XINHUA)—Zhu Senlin, governor of Guangdong Province said here today: Guangdong Province is confident of catching up with economic standards in medium-level developed countries and regions in Asia within 20 years.

In a news conference held by the Information Center for the "Two Sessions" [NPC and CPPCC meetings] with domestic and foreign reporters, Zhu Senlin said: After 13 years of reform and opening to the outside world, Guangdong Province has markedly improved its economic strength. From 1980 to 1991, the annual growth of its gross domestic output value was 12.4 percent. In the Changjiang Delta regions including Shenzhen, Zhuhai, Guangzhou and Fushan, the per capita gross national product (GNP) already reached 6,000-10,000 yuan, thereby attaining or approaching the level for comfortable living. He said: As long as we pay attention to striking a balance between the total supply and total demand in society, as well as to maintaining the harmony between the various principal economic ratios, it will be possible for us to achieve the goal of quadrupling the GNP of 1980 by 1995, and also attain a level of comfortable living throughout the province by the end of the century. On this basis, and with about another 10 years, it will be possible for us to catch up with the economic standards of medium-level developed Asian nations and regions.

Zhu Senlin said: To accomplish the above mentioned objectives, Guangdong Province will further emancipate the mind, be bold in opening up, and will strive to advance with bigger steps towards reform and opening to the outside world. It is necessary to prioritize deepening reform in operating mechanisms among enterprises, accelerate reforms of commodity prices and circulation systems, continue to push forward efforts to restructure finance, open wider to the outside world, as well as raise the level of opening up and expanding foreign economy and trade.

In answering questions posed by domestic and foreign reporters, Zhu Senlin said: Guangdong Province's economy must progress along the track of sustained, stable and coordinated development. What we need to accelerate the economic development is actual speed, speed based on an increase in economic efficiency. So long as we pay attention to efficiency, the situation of an overheated economy will not arise. Guangdong Province will also have to pay attention to achieving common

prosperity in its economic development. Prosperous areas must be linked up with poverty-stricken areas in a bid to promote development at the same time in both places. With its economy growing in strength, Guangdong Province must make more contributions to the country.

Sichuan Delegates Hail Report

OW2103014092 Beijing XINHUA Domestic Service
in Chinese 1427 GMT 20 GMT 92

[By reporter Luo Xiaolu (5012 2556 6224)]

[Text] Beijing, 20 Mar (XINHUA)—Despite the light snow early today, spring is very much in the air in Beijing. This morning, 201 deputies from the National People's Congress [NPC] from the Land of Plenty [Sichuan] solemnly walked into the Great Hall of the People to attend the Fifth Session of the Seventh NPC. After attentively listening to Premier Li Peng's report on government work, they went into discussion in the afternoon.

At the discussion meeting of the second group of Sichuan's delegation, Deputy He Haoju said: Premier Li Peng's report summarizes the achievements and major problems in government work during the past year. It also puts forward specific tasks and goals for this year. I sincerely support the report. Our country scored universally acknowledged achievements in the domestic and diplomatic fields last year. We achieved political stability, economic growth, and social progress, and the people were able to live and work in peace and contentment. These achievements could not have been made without socialist system serving as a safeguard. They were hard-earned achievements. In the final analysis, we made these achievements because we upheld in our work the correct line of building socialism with Chinese characteristics put forward by Comrade Deng Xiaoping. This correct line will fundamentally guarantee that our economic development will enter a new stage at an early date.

Deputy Wang Huicai said: The report contains what I want to say in my heart. A spirit of dealing with concrete matters in our work fills the report from the beginning to the end. China can enhance its national strength only through reform, opening to the outside world, and further developing its productive forces.

Deputy Kang Zhenhuang felt that it was very inspiring to see the basic line of "one central task and two basic points" running through the report. He said that the report reflects the spirit of seeking truth from facts and a pioneering and enterprising spirit. He emphasized in particular the need to raise the understanding that science and technology is the first productive force; that science and technology must take the path of industrialization, socialization, and internationalization; and that education must keep in step with economic development.

Deputies from Abei, Ganzi, and Liangshan put forward their views and specific proposals on invigorating agriculture by applying technological advances, building water conservancy works, strengthening land management and water and soil conservation, and developing the economy in minority areas.

Sichuan Governor on Opening Strategy

OW2203022292 Beijing XINHUA Domestic Service
in Chinese 0416 GMT 21 Mar 92

[By XINHUA reporter Jin Xiaoming (6855 1420 2494),
Wu Guoqing (0702 0948 3237)]

[Text] Beijing, 21 Mar (XINHUA)—Seeing the tremendous economic achievement in the coastal regions during the last 13 years of reform and opening, provinces and autonomous regions in the interior have become keenly aware that they must deepen reform and open themselves wider to the outside world if they want to narrow the gap between themselves and the coastal regions.

But what should their course be?

The coastal regions have accumulated experience through opening, and the border regions also have produced fruitful results by opening in recent years. However, in the words of Sichuan Governor Zhang Haoruo, who is currently attending the Fifth Session of the Seventh NPC [National People's Congress], an interior province like Sichuan should not mechanically borrow the experiences of the coastal and border regions but should explore its own course in light of the local conditions.

His idea is opening Sichuan's resources and market to attract overseas capital and technology while at the same time joining hands with the coastal and border regions to open up Sichuan to the outside world.

He explained: Sichuan lacks some of the conditions of the coastal regions. However, it also has its own strong points:

1. It has rich natural resources. Its water resources top the rest of the country, capable of generating 91.66 million kw of electricity, or 24 percent of the country's total. It also has a good assortment of minerals. It has 123 different kinds of minerals, out of the 150 found in the country. Thirty five minerals rank in the nation's top four in terms of reserves. This is particularly true in the case of vanadium-titanium magnetite [fan tai ci tie kuang 9440 7835 4318 6993 4349], natural gas, sulphuric ferrite [liu tie kuang 4288 6993 4349], phosphorus, plumbosinc [qian xin kuang 6884 6854 4349], and other nonferrous metals, which rank in the very top in the country. Because of the limited capital and other constraints, these natural resources are far from been fully developed.

2. It has a strong technological force. The province has 942 scientific research institutions of different types, 60

institutions of higher learning, and 1,432,900 scientific and technological personnel in various fields. More importantly, with the nation's main nuclear, aeronautic and astronautical, and electronic research forces concentrated in the province, Sichuan has a fairly strong capacity for carrying out research and manufacturing technological equipment, absorbing imported technologies, and developing new technologies.

3. It has abundant manpower. The province has a surplus of 15 million in the labor force, which provides cheap labor.

4. It has a large market of more than a billion people.

Zhang Haoruo said: All this should have a strong appeal for overseas investors.

He stressed: The key is we must not merely hold these valuable resources and the large market in our hands, fearful of being taken away by others. No resources can be transformed into wealth if they are not developed or utilized, no matter how good they are. No market can be retained if there are no competitive commodities, no matter how big it is. He continued: Under the circumstances, when we lack capital and technology, we should open up these treasures to attract foreign capital and advanced technologies.

He said: A foreign company has already invested in the exploration of Liangshan's plumbosinc mine last year. We plan to carry out more joint development, speed up capital and technological imports, and open Sichuan's market to foreign businesses.

The governor explained his idea from a different angle: The province must abandon its closed mentality of fearing capital, personnel, and technological drain. It must join hands with the coastal and border regions on a broad scale.

He said: Sichuan, which is not close to the sea or the borders, suffers inherent disadvantages in foreign trade. In the last few years, we set up some 400 enterprises in Shenzhen and Hainan serving as our windows. On the surface, some capital has flown out of the province. In practice, they played a big role in the increase of Sichuan's exports. Four years ago, Sichuan's exports were just a little over \$0.6 billion, ranking just under 20th in the country. By last year, exports reached \$1.32 billion and our ranking had jumped to 12th.

Zhang Haoruo concluded: In accordance with the newly established opening strategy, Sichuan will continue strengthening cooperation with the coastal regions. In addition, it will join hands with Heilongjiang and Xinjiang to enter Eastern Europe, the CIS, Central Asia, and the Mideast; with Yunnan to explore trade with Burma, Laos, Thailand, and other Southeast Asian countries; and with Guangxi to carry out cooperation with Vietnam, thereby forming a new multi-directional opening structure.

Wuxi Mayor on Reform, Opening*OW2203035292 Beijing XINHUA Domestic Service
in Chinese 2102 GMT 21 Mar 92*

[By GUANGMING RIBAO reporter Yuan Xiang (5913 4382), XINHUA reporter Wu Ming (0702 2494)]

[Excerpt] Beijing, 22 Mar (XINHUA)—“A huge flood unseen in the last 100 years has told us the truth—we can easily overcome difficulties, no matter how big they are, if we have a developed economy.” These are the words of Wang Hongmin, mayor of Wuxi City, who was attending the Fifth Session of the Seventh NPC as a deputy. He expressed his keen feelings when he recalled the events in combating the huge flood and helping the people tide over the natural disaster.

Wang Hongmin summarized the over 40 unforgettable days and nights of the past year with these words: The disaster was serious, the losses were big, but the recovery was fast. He frankly pointed out: We pulled through the most dangerous situation on the strength of the superiority of the socialist system and with the concern and support of the party and the people throughout the country. But a very crucial factor was we had the material foundation and economic strength which we had developed in the more than 10 years of reform and opening.

Last year, Wuxi suffered a serious flood disaster. A considerable portion of the city was inundated. Nearly half of those enterprises which generated over a million yuan of taxes were forced to stop operating. Direct economic losses alone amounted to several hundred million yuan. However, order in the city was restored in less than a week after the flood receded, and industrial production and various economic work returned to normal operations within a month. In addition, the gross national product and income for the whole year rose more than 10 percent. [passage omitted]

Deputies Urge Law To Curb Organizational Growth*OW2203063392 Beijing XINHUA Domestic Service
in Chinese 0327 GMT 21 Mar 92*

[By reporter Liu Haimin (0491 3189 3046)]

[Text] Beijing, 21 March (XINHUA)—The slogan concerning streamlining organizations and raising work efficiency has been in the air for many years, but in effect, the phenomena of undue expansion of organizations and personnel has yet to be fundamentally curbed. While discussing this problem, deputies from Shandong Province to the Fifth Session of the Seventh National People's Congress have hit the nail on the head, and put forward a motion on drawing up legislation concerning state organs and organizations.

The deputies sharply pointed out: The problem at village-level is glaring enough, not to mention that at provincial, city or county levels. They enumerated 20 different cases in seven counties and cities in Huimin

Prefecture: Within seven years since implementing reform in 1984, town and village organizations in these places have increased from their original 24 to 67, of which 23 were officially established by authorities at various levels; 20 were introduced by cadres at various levels through speeches and departmental documents; the number of township and village cadres increased from 30 to over 120—reaching a high of 209 at one time between 1985 and 1991. According to the masses, the personnel in village and township organizations is a “magnificent lineup indeed.”

The deputies summed up the consequences arising from loss of control in authorizing the setting up of state organs and organizations along with their respective personnel in the following five aspects: First, a declining work efficiency. Second, an overlapping of organizations without clearly assigned duties or responsibilities. The job of one department in the past is now handled by several departments, with frequent wrangling between one another over trifles and shifting responsibilities onto others, thus giving birth to “mountains of documents” and “rising tides of meetings.” Third, with more documents and meetings created by additional organizations, everyone is busily occupied one way or the other, thus objectively promoting formalism and bureaucracy which is aloof from the masses. Fourth, once a department at a higher level is equipped with its “legs” at a lower level, it would clamor for “standardization,” “establishing titles,” “building houses,” and “getting additional cars,” and would keep vying with one other for this or that, thus increasing financial burdens at various levels as well as the masses economic burdens. Fifth, the expansion of state organs and organizations has saddled more and more counties and cities with “rice consumption” finances—and particularly at village and township levels where finance is limited—and they have to resolve the problem by way of retention to meet the operating expenses of some newly established organizations and to pay the wages for a large number of temporary workers. This is a significant cause for inability to alleviate peasants' burdens. This has also undermined the overall quality of cadres. As the saying goes, “every temple must be attended by deities.” With the admission of some underqualified cadres to state organs, the images of the party and the government have been impaired.

The deputies urged: Streamlining state organs has an important bearing on the rise and fall of the nation as well as the success or failure of the four modernizations. The problem must be resolved once and for all. It will not work by just treating the head when the head aches, and treating the foot when the foot hurts, or by adopting a piecemeal approach. Neither will it help by resorting solely to administrative means; it must be resolved through legislation.

Deputies Laud PLA's Part in Reform, Opening*OW2203180792 Beijing XINHUA Domestic Service
in Chinese 0055 GMT 22 Mar 92*

[By reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 22 Mar (XINHUA)—At the Fifth Session of the Seventh National People's Congress [NPC], many deputies spoke highly of the practical actions taken by the People's Liberation Army [PLA] to support and participate in the great cause of reform and opening to the outside world, as well as its contributions to the nation's economic development.

The relevant materials supplied by the people's deputies indicate that since the Third Plenary Session of the 11th CPC Central Committee, the PLA has resolutely implemented the party's basic line, eagerly adapted to changes in key aspects of the party's undertakings and performed outstanding services in the economic development of the nation and in building socialism with Chinese characteristics.

Deputy Song Yingqi said: In recent years, the troops have regarded participation in and supported economic development by taking practical measures subordinate to the overall situation of economic development. In particular, they have taken part in a number of urgent, difficult, dangerous, and important projects. After listing several rather important projects in which the troops had participated, such as the Qinshan nuclear power plant, the Shenyang-Dalian expressway, the Lhasa-(?Gonjo) highway, the Taoxian airport, the Bapanling tunnel, channeling waters from the Huang He to (?Qinghai Lake), the Luoyang August First Bridge and the Hainan Yangpu port, he said: In the construction of these projects, the troops have volunteered to undertake the most difficult and most dangerous tasks and assured their accomplishment through tenacious and continuous struggle and meticulous work, all the while working with a selfless spirit and scientific attitude.

Deputies from the coastal regions and special economic zones [SEZ's] told the reporter that the rapid economic development there owed much to the troops' meritorious services. Troops stationed in the coastal regions have built and supported the construction of huge power stations, large ports and wharves, civilian airports, expressways, and large bridges in Shanghai, Liaoning, Shandong, Fujian, Zhejiang, Guangdong, and Hainan. At the beginning of last year, a certain unit from the South Sea Fleet successfully used explosives, for the first time in China, to move earth from the hills to fill the sea at the Huizhou port project in Guangdong Province, saving more than 37 million yuan. Deputies Chen Mingshan and Zhou Kunren noted that along with the deepening of reform and opening to the outside world, marine transportation, underwater construction, and maritime surveys have increased, and troops based in the area, especially the naval units stationed there, should volunteer to undertake these tasks and make more contributions. Deputies from Fujian Province said that all these years troops in the coastal regions and the SEZ's have taken the overall situation into consideration and permitted the localities to use or share some of their military airfields, ports, and wharves. To support the tourism industry in the coastal provinces and municipalities, the troops have opened to the public some places of

historic interest and scenic beauty located within their campsites. Unused barracks and some of the special-purpose rail lines are also used to support the localities.

In recent years, PLA units stationed in the western part of China have come to regard speeding up economic development in the frontier regions as their responsibility, and they have made important contributions by investing vast amounts of manpower and materials. Many deputies spoke highly of this. Deputies from Yunnan, Guizhou, Sichuan, and Tibet reported that in recent years troops based in their areas have taken part in major projects like building the Chengdu-Chongqing highway in Sichuan, the Guiyang-Huangguoshu highway in Guizhou and the Zhaotong-Shian highway and Yuxi-Kunming railroad in Yunnan, laying municipal telephone cables in Chengdu, and developing the "Three River" Basin in Tibet. Deputies from Shaanxi, Gansu, Ningxia, Qinghai, and Xinjiang detailed contributions made by troops stationed in their areas in constructing major projects of northwest China, like the northern Xinjiang railroad and the Jinchuan nickel production base.

Deputies Zheng Xianbin and Chi Yunxiu said that troops based in the west have publicized the party's policy of making the people rich; have disseminated knowledge on science and technology; and have relayed information on becoming well-off and managing economic entities to help people in the old revolutionary bases and ethnic minority, frontier, and impoverished regions shed poverty. Troops based in these areas have teamed up with local militia to form tens of thousands of help-the-poor teams to provide water and power as well as to build roads with a view to helping the people become well-off. Some troops that are based year round in dry and barren deserts or mountains have drilled wells for the local people and have served them. Last year, in response to the appeal of the party Central Committee and the State Council on actively taking part in the construction of water conservancy infrastructures, troops stationed in the west contributed to efforts in reaping a bumper harvest by eagerly participating in the taming of rivers in their areas.

Deputies Wang Maorun and Wang Yongning added that troops in the west also regard the development of culture and education as an important part of the joint Army-people efforts to build spiritual civilization in their locality by actively supporting the operation of schools and improving the conditions for running them. Many units send counselors for after-school activities to secondary and primary schools; donate funds to assist ethnic minority regionally run schools; and present vast amounts of books as well as teaching, cultural, and sports materials to promote the development of education in their locality.

Many deputies excitedly spoke about the moving deeds of the PLA while taking part in rescue and relief work to protect state property and the people's lives. Deputies from Anhui Province said that during flood resistance

and relief work in eastern China last year, the officers and men of the PLA—with their minds on the people's lives and well-being and the safety of state property—used their blood and lives to write the lines of many songs on patriotism and love for the people. Deputies Yu Zhengsheng and Yan Zhuo recalled that during the quake disasters and relief work in Yunnan's Lancang and Gengma Counties, Shanxi's Datong and Yanggao Counties, and Qinghai's Hainan Prefecture; during the snow disaster and relief work in Tibet's Nagqu Prefecture; and during the fire disaster and relief work in Huangdao oil field, the PLA was always at the scene. The people's soldiers have made important contributions in protecting the properties of the state and the lives of the people.

Deputies Discuss Opening of Remote Border Areas

OW2203193092 Beijing XINHUA Domestic Service
in Chinese 0009 GMT 22 Mar 92

[By reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 22 Mar (XINHUA)—After moving gradually in the past decade to open their doors, our country's sprawling remote border areas have formed themselves into a new belt that opens to the outside world. Along with the vibrant coastal areas, this belt has initiated within China a new structure of overall economic openness characterized by a two-way opening between the east and the west, and by supplementary services between the north and the south.

For several consecutive days at the Fifth Session of the Seventh National People's Congress, deputies from Heilongjiang, Jilin, Inner Mongolia, Xinjiang, Tibet, Yunnan, and Guangxi spoke freely about the tremendous changes in remote border areas. They unanimously agreed that reform and openness have provided those areas with good opportunities for developing their economies, saying that people of all nationalities in those areas—with a border extending over 21,000 km—are savoring to the fullest the rich fruits of opening their doors to the outside world.

According to the deputies, the Inner Mongolia Autonomous Region—which has a 4,200-km border—has set up 11 ports for sea, land, and air traffic; established three temporary posts for transit goods; and made rapid progress in developing border trade. In 1991 alone it exported and imported in border trade goods worth 375 million Swiss francs, exported over \$300 million worth of goods in cash transactions, and sold more than 300 kinds of commodities on the international market. Meanwhile, the three types of joint ventures and foreign-funded projects have grown rapidly in Yunnan, where export-generated foreign exchange earnings have risen by 16.3 percent annually. Total export and import volume conducted through border trade across the province has reached 1.5 billion yuan. For its part, Xinjiang has enjoyed thriving foreign trade. Border trade agreements signed throughout the region in 1991 totaled 1.5

billion Swiss francs. The Tibet Autonomous Region, while developing border trade with such countries as Bhutan and Nepal, has been working extensively to attract local and foreign tourists. Its tourism revenues have shot up, averaging over \$10 million annually. As of 1990, border minority provinces and autonomous regions signed a total of 138 new agreements involving \$217 million in foreign capital.

Thriving border trade and economic activity have led to affluence. Some NPC deputies said: Developing border trade as the first step toward promoting the local economies has become an important economic development strategy in our country's sprawling remote border areas. A group of new cities whose economic structure is based on border trade have emerged successively. These include Heihe, Manzhouli, Erlianhot, Wanding, and Ruili. Suifenhe—which used to be a small town—enjoys overall economic development thanks to the development of foreign trade as well as various forms of economic and technological cooperation. It has over 300 newly built commercial, supply and marketing, and food service outlets and sells over 500 million yuan's worth of commodities every year. Over half of 27 previously impoverished border counties in Yunnan Province have overcome poverty through the development of border trade. Wanding City has even joined the ranks of the nation's 36 comparatively well-off counties.

Inland border areas have become an integral part of the nation in opening up to the outside world. This is an encouraging development. NPC deputies from Guangdong, Fujian, Shanghai, and Beijing said: Through the development of border trade, interior areas—especially those on the coast—have developed extensive lateral economic ties with border areas. For instance, 48 percent of goods currently exported from ports in Heilongjiang Province come from other provinces, municipalities, and cities. Over 100 cities in the country have set up offices at various ports in Heilongjiang. Heihe alone has established cooperative relations in foreign trade and technology with over 20 provinces, municipalities, and cities—including Shanghai, Beijing, Guangdong, and Fujian.

The deputies stated: Border trade can help promote prosperity in frontier areas and among the people there, strengthen good-neighborly and friendly relations, promote economic construction and national unity in border areas, and solidify national defense. It affords the people in border areas an opportunity to expose and test themselves in the course of opening up and conducting exchanges. With their doors open to the outside world, our border areas are at the forefront of reform, openness, and economic development.

"In the next decade, we should raise border trade to a new level." Deputy Batu Bagen, chairman of the Standing Committee of the Inner Mongolia Autonomous Regional People's Congress, said: People in our remote border areas should further emancipate their minds, quicken the pace of reform and openness, seize upon

opportunities, and try to catch up with eastern and southern coastal areas. Some deputies vividly likened China's economy to two dragons—coastal areas and remote border areas. By flying together, these two dragons are bound to promote and rejuvenate China's sprawling remote border areas. The dragon represented by coastal areas has already taken to the air. The one represented by remote border areas is shaking the dust off its body and extending its wings as it is poised for takeoff.

Liberals Press for Stronger Anti-Leftist Attacks

HK2303004592 Hong Kong SOUTH CHINA
MORNING POST in English 23 Mar 92 p 10

[By Willy Wo-lap Lam]

[Text] Long-silenced liberals have taken advantage of the National People's Congress (NPC) to take patriarch Mr Deng Xiaoping's anti-leftist campaign a step further.

The avant-garde congress delegates and social scientists have complained that conservatives, including Premier Mr Li Peng, have failed to follow through Mr Deng's instruction on fighting the left.

And progressive economists have also faulted Mr Li for recommending too slow a speed for economic development.

"Unless we break through the barriers of leftist thinking, reform cannot be pursued smoothly," Mr Ma Jiaju, an economist with the elite Chinese Academy of Social Sciences said last weekend. "It might even become stillborn."

Mr Ma faulted Mr Li for failing to take into account Mr Deng's anti-leftist exhortations.

"The Deng Xiaoping line has been threatened by interference from the left," Mr Ma added.

Mr Ma said the remnant Maoists had challenged such Deng dictums as "taking truth and productivity as the sole criteria."

At the same time, NPC standing committee member and former chief of PEOPLE'S DAILY Mr Qin Chuan has expressed fear of "sabotage" to Mr Deng's offensive.

"Deng's talks have already been spread throughout the country, and many people support them," he said. "However, individual leaders in the Propaganda Department think they (the instructions) have caused confusion in ideology."

And in an interview with the semi-official Hong Kong CHINA NEWS AGENCY, Chinese People's Political Consultative Conference economist Mr Dong Shaoji said the nation could go for a faster growth rate than the six percent recommended by Mr Li.

Echoing speeches given by Mr Deng in the south, Mr Dong said China already possessed necessary conditions for another period of high growth "without fearing overheating the economy."

Meanwhile, a China-watching journal in Hong Kong, ECONOMIC REPORTER, has in its issue today revealed the contents of an anti-leftist seminar recently hosted in Beijing by the magazine REFORM.

The social scientists expressed the fear that the recent Deng initiative might be watered down by conservatives merely going through the motions of uttering pro forma statements.

Renowned economist and vice-chief of the Finance Committee of the NPC, Professor Dong Fureng, said: "To study Deng's (recent) talks, it won't do merely to shout slogans. We must clarify how leftist thinking has manifested itself in our recent work."

State Council consultant Mr Xu Xuehan said he had been waiting for Mr Deng to speak out for two years.

He pointed out that when a Shanghai paper last year excerpted some of the patriarch's statements, it had been subjected to intense criticism.

Mr Xu urged that radical reform ideas formulated in 1986 be reinstated and "presented to NPC delegates for discussion."

XINHUA Lists NPC Related Terminology

Part One

OW2203090592 Beijing XINHUA in English
0812 GMT 22 Mar 92

[Text] Beijing, March 22 (XINHUA)—(This is the first of a series on Chinese terminology in connection with the ongoing annual sessions of the Seventh National People's Congress [NPC] and of the Seventh National Committee of the Chinese People's Political Consultative Conference—editor.)

1. Readjustment of Economic Structure

It mainly refers to the readjustment of the industrial structure.

At present, the main problems with China's industrial structure are: The foundations of agriculture and industry are weak, with the basic industrial sector and infrastructures lagging behind, the processing industry overextended at a low technical level and the tertiary industry unable to meet the needs of economic development and people's daily life.

The main thrust of the future structural reform is to develop agriculture in a big way, strengthen the basic industries and infrastructural facilities, reorganize and transform the processing industry and upgrade its technology, actively develop the building trade and accelerate the tertiary industry.

2. Major Tasks for Improving the Economic Environment and Rectifying the Economic Order

The Central Committee of the Chinese Communist Party made a decision in September 1988 to improve the economic environment and rectify the economic order and complete the tasks in a period of three years or longer, starting from 1989. The objectives are to achieve a basic balance between total demand and total supply and a gradual rationalization of the economic structure, control inflation and overissue of bank notes, strike a basic balance in state budget and improve the economic order.

In his report on government work to the on-going Fifth Session of the Seventh National People's Congress, Premier Li Peng announced that, in light of current economic state in China, the major tasks of the improvement and rectification drive have basically been fulfilled, thus winding up this special period of economic development as scheduled.

3. The Gap Between Prices for Products Within Planned Quotas and Products in Excess of Them Was Narrowed or Eliminated.

At present, China is practicing the dual pricing system, with the products within planned quotas priced by the state and those in excess of planned quotas by the market. Usually the prices of the former are lower than the latter.

The institution of such a pricing system is a measure of expediency, designed to facilitate a gradual and smooth transition of the pricing system from being controlled by administrative means to being controlled by the market as China's actual conditions require.

The elimination of the price gap indicates that the country has more and more products to be priced by the market forces instead of by the state. The narrowing of the price gap means to narrow the price differentials between state listed prices and market prices, marking a step forward toward the institution of the market pricing system.

Part Two

OW2303022792 Beijing XINHUA in English
0211 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—(This is the second of a series on Chinese terminology in connection with the annual sessions of the Seventh National People's Congress and of the Seventh National Committee of the Chinese People's Political Consultative conference. The first of the series was issued on March 22—editor.)

4. State Industrial Policy

State industrial policy is officially launched by the State Council on March 18, 1989. The general orientation is to concentrate efforts on developing agriculture, energy,

communications, raw materials and other basic industries, to develop industries and products that can increase effective supply and boost the staying power for economic development, to reign in the development of the processing industry and bring it into line with the development of the basic industries.

According to the policy, the order of priority for the development of various industries has been arranged and clear provisions have been formulated as to what industries and products are to be supported and encouraged and what industries and products are to be restricted or banned. Policies have also been formulated, regarding funds, taxes, pricing, foreign exchange, foreign trade, material supply and enterprise organizations so as to ensure the implementation of the industrial policy.

5. To Change Methods of Operation of Enterprises

This means to improve the various forms of the enterprise-contract responsibility system and reform the employment, personnel, wage and social insurance systems in the enterprises under the guidance of the state planning and macroeconomic policies so that the enterprises will fully participate in market competition and gradually become independent, socialist commodity producers and dealers, responsible for their own profits or losses and for their own decisions about expansion or restraint.

6. Revenue-Sharing System and System Requiring Payment of Tax Plus a Percentage of Profits to the State, and Payment of Tax Before Loan Repayment or any Retention of Profit

Under the revenue-sharing System, the kinds of tax are divided into central tax, local tax and tax shared by the two. It is a pattern of the state budgetary management system. By means of rationally dividing the kinds of central and local tax, the revenue-sharing system clearly defines the financial revenue sources and revenue proportions for the central and the local and make clear the management authority limits for the central and local budgets, thereby forming two systems of central and local budgets. This kind of model is the outcome of reform of China's budget system.

The system requiring payment of tax plus a percentage of profits to the state, and payment of tax before loan repayment or any retention of profit was piloted in Chongqing city in 1988 and later expanded to six provinces and autonomous regions in China. Under the system, profits made by enterprises are divided into tax and profit and the state levies tax and collects a certain part of profit in the capacity of manager and state property owner. The post-tax profit is divided into contract-defined profit, loan repayment and rational retention of profit by enterprises and the base of the contract-defined profit remain unchanged in a three-year term.

7. Separation of the Functions of the Government and Enterprises and Appropriate Separation of Ownership and Management Right of Enterprises

The separation of the functions exercised by the government and enterprises refer to severing the administrative management function of the government from the function of the owner. Under the old system, the government is not only the owner and regulator of the means of production but also administrator of the government; and it performs both the administrative management function and the function of developing local economy. Government departments handle many affairs that should be handled by enterprises themselves. Thus actually, enterprises are not independent commodity producers but subordinates to the government. If this kind of situation remains unchanged, initiatives of enterprises can not be brought into play.

In 1984 "The Decision of the Chinese Communist Party Central Committee on Economic Restructuring" proposed the necessity of separation of the government and enterprises. The document stipulates that the major functions of government departments on economic management are as follows: To formulate strategy, plans, principles and policies for economic and social development, to draw up programs for resource exploration, technical upgrading and personnel training, to coordinate development plans and economic relations among regions, departments and enterprises, to plan key construction projects and draft and supervise the implementation of economic laws and regulations.

The ownership of enterprises refers to all the law-defined rights of enterprise owners to possess and dispose the means of production and get benefits resulting from it as well as to eliminate interference from others while the management right is the right of enterprises managers to actually possess, control and use the means of production. Appropriate separation of the ownership and management right will enable enterprise directors or managers to have full management autonomy and is a key link for invigorating enterprises and deepening enterprise reform.

CPPCC Session

Members View Li Peng Report, 1991 Work

OW2303072192 Beijing XINHUA Domestic Service
in Chinese 1206 GMT 22 Mar 92

[Text] Beijing, 22 March (XINHUA)—Members attending the Fifth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC] broke into groups today to discuss Premier Li Peng's report on government work. The atmosphere in every group was warm. They pointed out that reform and opening to the outside world is the only way to emancipate the mind and develop society's productive forces. They pledged to take further steps to emancipate the mind and blaze new trails and to speed

up reform and opening after returning to their respective work posts. Speaking of the work of the CPPCC, they emphasized that together with people across the country, they will rally more closely round the CPC Central Committee with Comrade Jiang Zemin as the nucleus and, taking economic construction as the central task, seriously exercise political consultation and democratic supervision to make new contributions to reform, opening, and economic construction.

In their discussion, members of the CPPCC National Committee pointed out: Premier Li Peng's report on government work has three characteristics: conciseness, newness, and practicality. Committee member Wang Yu said: By concise, we mean the entire report is succinct, containing only about 16,000 characters. By new, we mean the report contains new ideas. The portion on expanding reform is inspiring. By practical, we mean the contents are practical and quite feasible.

In their discussion, members of the CPPCC National Committee recalled the achievements made in 1991 in China's socialist construction and the development and progress made since the beginning of reform and opening, which attracted worldwide attention. They held that China's achievements all these years are the result of implementing the party's basic line of "one central tasks and two basic points" designed by Comrade Deng Xiaoping for the initial stage of socialism. This basic line accords with the people's wishes and has struck root in people's hearts. We must uphold it for a long time to come. Committee member Tao Tao said: It was not easy for our country to score tremendous achievements last year when the international situation underwent drastic changes and our country suffered serious flood disasters. At present, our country is in a favorable situation characterized by political and social stability and economic growth. This is attributable to our firm implementation of the party's basic line and to reform and opening to the outside world. Committee member Hu Youe said: The three criteria put forward in the government work report to judge whether reform and opening up is a success or failure provide a basis for the country to take bolder steps to carry out reform and opening in the future. From now on, we should boldly explore ways and methods of reform and opening, including assimilating the advanced technology and management methods of economically developed countries, as long as they conform with the three criteria. Committee member Zhang Xitian said: Thanks to reform and opening, socialism has struck root in China's vast land. Today our country possesses the conditions for deepening reform and opening itself wider to the outside world. We must quicken the pace and raise our national economy to a higher level without delay.

Committee members had a spirited discussion, focusing on the question that both revolution and reform are for liberating productive forces and that in a socialist system the productive forces should be emancipated and developed through reform and opening. Committee member Chen Fabo said: The criterion to judge whether reform and opening up is a success or failure is to see whether it

helps to develop productive forces. This has enhanced our confidence and enabled us to advance with great courage. Committee member Kong Lingren said: Upholding the basic line of one central task and two basic points to develop productive forces and the economy is in the greatest interest of the people. In the final analysis, socialism must create more productive forces to triumph over capitalism. Many committee members put forward specific proposals on intensifying reform. Committee member Liu Peizhi proposed to conduct major reforms in agricultural departments according to the criterion for productive forces. He said: At present there are too many departments in the agricultural sector. They are overstaffed and inefficient. An agricultural and forestry department having comprehensive authority over production forces and production relationships should be established. The establishment of such a department having the necessary functions and power will fundamentally change the divided management structure.

Members of the CPPCC National Committee pointed out: We must unite to meet demands on speeding up reform, opening, and economic construction this year as put forward in Premier Li Peng's report on government work. Wu Tingdong and Ma Shigong, CPPCC members in the nationalities group, said: If all 56 nationalities unite as one, reform, opening, and economic development will take a giant step forward. Ayi Tula, a member representing the literary and art circles, said: Today the industrial, scientific and technological, and agricultural fronts are quickening the pace of reform and opening. Literary and art circles should also make an effort to develop national culture and make folk literature and art flourish.

Gu Mu, Yang Jingren, Wang Guangying, Qian Weichang, and Su Buqing separately took part in the discussions of the Hong Kong and Macao group, the Revolutionary Committee of the Chinese Kuomintang group, and the education group.

Member Motions To Be Handled 'On the Spot'

OW2203005692 Beijing XINHUA Domestic Service in Chinese 1422 GMT 21 Mar 92

[By reporter Dou Guangsheng (4535 1639 3932)]

[Text] Beijing, 21 March (XINHUA) —An ad hoc meeting for handling the motions of members attending the Fifth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) began today.

In the room of member Lai Wenxian at the Xiangshan Hotel, two responsible officers from the Agricultural and Fishery Legislation Department under the State Council directly handled the motion put forward by member Lai Wenxian urging that a complete set of regulations governing the "Law on Water of the People's Republic of China" be promulgated as soon as possible. Committee Member Lai Wenxian expressed satisfaction with the

manner of handling motions. He said: It is good to handle proposals on the spot. This has the advantage that it makes it possible to deal with a problem more speedily, and facilitates the exchange of ideas on a certain situation.

It has been learned that from now on the Motions Committee of the CPPCC will hold a series of on-the-spot meetings to handle motions. As of 1700 today, the Session has already received 487 motions from members.

A relevant officer from the Motions Committee told our reporter that among the proposals raised by members attending the current session of the CPPCC National Committee, there is a marked increase in those concerning economy, building a clean government and party's work style.

1990s Seen as Opportunity for More Opening Up

OW2203151992 Beijing XINHUA in English 1418 GMT 22 Mar 92

[Text] Beijing, March 22 (XINHUA)—In the 1990s, opportunities and challenges co-exist for China's efforts of opening to the outside world and the present golden opportunity should be embraced to accelerate economic growth.

This was the view shared by attendants of the on-going annual session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC).

The opening up over the past decade has resulted in the establishment of the special economic zones, open coastal cities, open economic areas and the inland open areas. It has scored enormous achievements in introducing foreign investment, advanced technology and management expertise and promoted domestic economic development, according to the CPPCC National Committee members.

Tong Dalin, noted economist and vice-president of the China Research Society on Economic Restructuring, said that China's economic structure has undergone profound changes and the rapid development of the eastern coastal areas, especially that of the special economic zones, has laid a solid foundation for accelerating the country's economic growth.

Tong described the Zhu Jiang delta, southeastern Fujian Province, Suzhou, Wuxi and Changzhou cities in Jiangsu Province and the Shandong peninsula, which became economically developed in the 1980s, as "four small dragons" which are expected to lead the country in another economic take-off.

He said that the industrial output value of the Zhu Jiang Delta and the area of Suzhou, Wuxi and Changzhou each amounts to 100 billion yuan every year, topping the country in this regard.

The Shandong Peninsula and the southeastern Fujian, which have recorded rapid economic growth and maintained great potential for further development, will play an effective role in accelerating China's export-oriented economy and become good examples for other areas, he said.

Some economic experts in the CPPCC National Committee said that China is now in the opportune period of opening wider to the outside world and the state basic policy of opening up is compatible to the needs of the time.

The world political and economic setup has experienced drastic changes since the beginning of the decade, experts said. The world countries, which are interdependent economically, are seeking to expand economic ties with others in an attempt to cope with the international economic situation. Throughout the 1990s, they will co-exist and develop in a new world economic setup featuring economic interdependence and acute competition, they said.

Luo Yuanzheng, vice president of the Association of the World Economy and economics professor at the Beijing Institute of Economics, said that opportunities are rare and should be embraced as soon as possible.

Last year, he added, though the world economy suffered major declines, China saw rapid economic growth. The thriving and stable economic environment is highly attractive to foreign investors, he said.

Luo, who has just returned from his tour abroad, said, "Foreign friends, including economists of the United States, all appreciate the 'golden period' for China's reform and opening up and economic development."

Another CPPCC National Committee Member Xiao Shanyin said, "If we want to boost our economy, there is no other way than pursuing reform and opening up. Economic development calls for exploring markets, particularly international market. Those who gain an early access to the international market will thrive first."

Xiao, professor at the Jilin University, suggested that China take the present favorable opportunity and join hands with the democratic people's republic of Korea and Russia to develop northeastern Asia.

However, 92-year-old Chen Daisun, CPPCC National Committee member and noted economist, stressed domestic development and held the view that faced with opportunity and challenge, China should take economic development as the central task in order to boost the domestic economy.

Experts agreed that opportunity knocks but once and should be embraced in order to speed up the country's economy.

Members View Three Gorges Project Exhibit

OW2103145692 Beijing XINHUA in English
1436 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—Members of the Chinese People's Political Consultative Conference (CPPCC) National Committee went to view an exhibition on the proposed Three Gorges Project here today.

Housed in the military museum of the Chinese People's Revolution, the exhibition displays eight models of the project, about 400 pictures and charts.

Xie Haoran, member of agriculture and forestry group, was among the first group of CPPCC members coming to the exhibition hall. After carefully viewing the exhibits, he said, "It seems that the preparations for the Three Gorges Project are quite well. I'm impressed by the construction plan."

At a corner of the exhibition hall, Professor Zhang Guangdou, member of the CPPCC Standing Committee, said the Three Gorges Project is a huge program for the benefit of coming generations, but the key problem is how to resettle the residents in the areas of the future reservoir.

Zhang, a noted specialist in water conservancy, stressed that the resettlement issue involves more than one million people who must be well taken care of.

Asked whether the proposed dam will lead to earthquakes, he said, "We need not debating on the matter. There are many great dams in the world which have not caused quakes."

But he added that one can hardly imagine that there are no problems and risks in undertaking such a huge project.

Ahja, a Tibetan living Buddha from Qinghai Province, viewed the exhibition excitedly. He said, "I have lived on the Qinghai-Tibet Plateau which is the source of the Yangtze River, and have no knowledge of the conditions of the middle and lower reaches of the Yangtze."

He said that the report on the Three Gorges Project delivered at the current session of the National People's Congress and the exhibition opened his eyes.

"In my opinion, the project is imperative for our country."

In the museum, a 50-seat room was packed with people watching a 17-minute slide show on the proposed Three Gorges Project.

Wang Xiancai, member of the health and medicine group of the CPPCC National Committee, was watching it at the door with binoculars.

Huang Mong Hwa, member of the Hong Kong and Macao group, said that he was most worried about the

possible dangers of the project in wartime. Yin Zhishu, a 72-year-old expert on the project, explained in detail to Huang.

Yin said that since 1959, researchers have conducted over 200 tests on dam collapse. Tests show that if a war breaks out, the water level can be reduced to the minimum within six days. Even if the dam collapses, the impact of the disaster will be limited only to the area upstream of the Shashi city and there will be no serious adverse effects on the lower reaches of the Yangtze.

Hearing this, Huang sighed with a relief.

Jin Zongze, member of the science and technology group, said that he was quite worried about the retention of the landscapes along the Three Gorges. When he was told that the beautiful spots at the Wu Gorge will remain unchanged, he smiled.

Several computer terminals installed in one side of the hall attracted many CPPCC members. It was the information search system on feasibility studies of the Three Gorges Project.

Zou Renjun, honorary president of the Hebei Provincial Academy of Sciences, was asking the terminal operator to obtain an article entitled "demerits of Three Gorges Project outweigh merits."

Zou said, "I'm not in favor of the article. I think the benefits of the project in terms of navigation and power generation are enormous. It is excellent to build the project."

Differing opinions with regard to the Three Gorges Project, he said, "Testify to academic democracy in our country."

Political & Social

Deng Wants Zhu Rongji To Replace Li Peng

OW2303002092 Tokyo KYODO in English
2357 GMT 22 Mar 92

[Text] Tokyo, March 23 KYODO—Chinese Premier Li peng, the hard-liner who led the campaign against the 1989 pro-democracy movement, may be eased out of power at the end of his current term next March, the YOMIURI SHIMBUN reported Monday.

The newspaper said in a dispatch from Beijing that a majority of Chinese leaders favor Li's departure, and the nation's senior power broker Deng Xiaoping wants Vice Premier Zhu Rongji to replace Li.

The YOMIURI report, quoting Chinese sources, said Li hopes to stay on beyond March 1993 when his current five-year tenure as premier ends. Li was elected to his post in March 1988.

CPC 'Factional Strife' Reportedly Intensifies

HK2103023092 Hong Kong SOUTH CHINA
MORNING POST in English 21 Mar 92 p 8

[By Daniel Kwan in Beijing]

[Text] Factional strife within the Communist Party has intensified as members of patriarch Mr Deng Xiaoping's moderate faction step up the campaign against "leftism", or quasi-Maoist thinking.

This is in spite of the fact that in major government reports delivered at the opening of the National People's Congress leading conservative cadres, including premier Mr Li Peng, have made no reference to the fight against leftist tendencies.

At the opening session of the Congress yesterday, two liberals, Minister of Electronics and Machine-Building Mr Hu Qili and former vice-minister of culture Mr Ying Ruocheng, vowed to take up the anti-leftist crusade, first raised by Mr Deng in Shenzhen and Zhuhai in January.

And in an apparent bid to buttress Mr Deng's reformist initiative during the opening of the Congress, newspapers in Guangdong province have splashed the patriarch's pictures on their front pages.

However, the media in Beijing, considered a bastion of conservative influence, have been much less effusive in spotlighting the presence or the spirit of the "architect of reform".

After attending the Congress yesterday morning, Mr Hu, a former politburo member and right-hand man of ousted party chief Mr Zhao Ziyang, told reporters: "What Mr Deng said in his recent south China tour is extremely correct and people should study his speech thoroughly."

When asked whether he feared leftist ideas might hinder the progress of economic construction in China, Mr Hu said: "What Deng said is right. Didn't he (Deng) say we must pay attention to spread of leftist ideas?"

But when asked to comment on speculation that Mr Zhao might be rehabilitated, Mr Hu said: "I have not heard about this. I am not in charge of this. And I have not seen him."

Mr Ying said that Mr Deng's talk was "inspiring" for Chinese artists and that it helped to "unify people's thoughts".

"Our main task now is to stand guard against the spread of leftist ideas, but I feel that at present there is not enough publicity on this," he said.

Mr Ying said he felt a strong force within cultural circles to fight leftist ideas.

"I've talked to many members of the Chinese People's Political Consultative Conference. They all say it is time to flex their muscle now," he said.

Mr Ying said the Chinese Communist Party [CCP] had made mistakes in the past and leaders had learned lessons.

"The CCP is not a child. It is the first time the party has suggested countering the spread of leftist ideas," he said.

"And this is not a game—changing every day. What he (Deng) said was the result of very careful thought.

"Of course, I can't say for sure that there won't be another anti-rightist campaign in the future," he added.

Meanwhile, newspapers in Guangzhou and Shenzhen have this week devoted whole pages to pictures of Mr Deng, who visited the region two months ago.

"Higher authorities told us to do this," said an editor at the YANGCHENG EVENING NEWS, which splashed a picture of a smiling Mr Deng in a Mao-style suit across the top of its front page on Thursday.

"We think it's good to encourage people," an official at the NANFANG DAILY said. Editorial staff said they thought the sudden Deng blitz was timed to coincide with parliament's annual session.

Mr Deng was shown planting a tree, touring a market, waving to crowds and admiring the fast-rising Shenzhen skyline from one of its new skyscrapers.

"Comrade Deng Xiaoping, the main architect of our country's reform and openness, who is loved and respected by people all over the world, visited Shenzhen in mid-January, leaving behind these precious photographs," the SHENZHEN SPECIAL ZONE DAILY said in its March 12 edition, seen in Beijing yesterday.

"Comrade Deng Xiaoping gives an animated talk on the great affairs of state," the YANGCHENG EVENING NEWS said in its Thursday edition.

Cultural Circles 'Split' Over Calls for Reform

HK2303004692 Hong Kong SOUTH CHINA MORNING POST in English 23 Mar 92 p 10

[By Daniel Kwan in Beijing]

[Text] China's cultural circles were split over a recent call by patriarch Mr Deng Xiaoping to "emancipate thoughts" and to be "bolder in reform".

Mr Yao Xueyin, the chairman of the Society of Contemporary Literature and an influential leftist writer, said yesterday that Chinese writers must not criticise the Communist Party.

"We no longer have censorship in China. But, of course, Chinese artists should not criticise the Chinese Communist Party, the Four Cardinal Principles and Deng Xiaoping in their work," he said after taking part in a conference sponsored by the Chinese People's Political Consultative Conference in Beijing.

When asked whether Mr Deng's recent speech on reform was also applicable to the cultural scene, Mr Yao, a protégé of Mao Zedong's, said: "Mr Deng's speech is mainly for the economy."

He declined to comment on its impact on Chinese artists, saying the issue was "too complicated".

Mr Yao's reaction to the patriarch's latest instructions were in contrast with those of other artists attending the meeting, who believed it was important for Chinese artists to study Mr Deng's speech.

"Who can deny emancipation of thoughts, bold reform and faster reform are relevant to Chinese artists," Xie Jin, a well-known Chinese film director, said.

"What Mr Deng said is relevant to us all. It is meant for the whole country, not just for the economy or industry," Xie said.

"Not one government minister would dare to say Deng Xiaoping's speech is only meant for his ministry and no one else," he added.

The director said Mr Deng's recent speech was encouraging to Chinese artists, who could now concentrate on their jobs instead of wasting time arguing whether a piece of work was "socialist" or "capitalist".

"In the past, we were confused. But now Deng says economic construction should have top priority. This has made things easier for all of us," he said.

The director said in the wake of the smashing of the "iron rice bowls" of staff in state factories, Chinese artists should also follow Mr Deng's call to open themselves to the new challenges.

"We have to be bolder," he said. "We were always on the defensive in the past."

In the same meeting, Mr Feng Mu, vice-chairman of the Chinese Writers' Association, China's largest writers' union, accused some "leftist elements" within the association of "conspiring to wage a power struggle".

Deng's 'Antileftist' Stand Termed 'Not Fair'

HK2203030992 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 22 Mar 92 p 6

[By Daniel Kwan in Beijing]

[Text] A conservative writer has openly defied a recent call made by patriarch Mr Deng Xiaoping to stand guard against leftist ideas in the course of economic construction.

Ma Feng, vice-chairman of the Chinese Writers' Association—China's largest writers' union, said yesterday that "rightist elements" were equally dangerous.

Speaking to reporters after a parliamentary session in Beijing, Ma said he expected to see the Chinese cultural scene prosper in the next few years.

When asked to comment on Mr Deng's call, Ma rebuffed the reporters, saying such an idea was not fair.

"Who said (we should) only fight against the leftists?" he asked. "We must fight against both the rightists and the leftists."

Mr Deng said in a famous speech on his recent south China tour that the main task faced by the country was to combat the spread of leftist ideas.

"Our imminent threat does not come from the right but from the left," the patriarch reportedly said.

Ma, a leftist himself, denied the country was being threatened by any "leftists".

"About this (Deng's) anti-leftist (campaign), I must say we actually do not have any leftist elements," he said.

"In the past, we did have some leftist ideas. But we also have the rightists. So we should fight both the left and the right."

He denied reports some writers had been criticised for promoting capitalist ideas in their works.

"We haven't named any writers," he said. "Nobody has been punished."

"I have been a member of the Chinese Writers' Association for over 30 years, yet I haven't seen (the association) organise public criticism against any writers or artists."

He claimed the association was not behind the criticism of the former culture minister, Mr Wang Meng.

"As far as I know, the criticism did not come from the association itself," he said.

It was reported earlier that Mr Wang was being criticised by the association for promoting "bourgeois ideas" in his novels.

Propaganda Department 'Changes Track' on Reform

*HK2103035792 Hong Kong MING PAO
in Chinese 21 Mar 92 p 7*

["Special article" by Lan Tien (5695 1131): "Wang Renzhi Accompanies Li Ruihuan to Guangdong; Central Propaganda Department Changes Track by Advocating Reform"]

[Text] Before Deng Xiaoping's talks during his southern tour were relayed to all parts of the country, many provinces and cities sent people to Beijing to sound out the CPC Central Committee's attitude toward further reform and opening up. After the CPC Central Committee Document No. 2 set the tune for this, some

central department officials rushed to Guangdong Province and special economic zones [SEZ's] as if it was insufficient to show their support for reform and opening up without having been to these places.

Recently, taking advantage of the "Third National Games of the Disabled," many senior CPC officials in charge of ideology, including Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee; Li Tieying, state councillor; and Wang Renzhi, head of the Central Propaganda Department, have been to Guangdong.

Wang Renzhi, who was reportedly criticized for failing to vigorously publicize reform and opening up, visited some places in Guangdong which had done a good job in building "spiritual civilization." For example, Wang expressed appreciation for the practice of Guangzhou's Nanhuaxi Street which, in the wake of economic development, made investments to improve the environment and increase the well-being of old people. It is said the Central Propaganda Department had earlier changed track and, at the National Propaganda Work Conference held at the end of February, called on all localities to increase the weight of reform and opening up in their propaganda.

Li Ruihuan has consistently supported reform and opening up in the coastal regions. During the three years of "economic improvement and rectification," he went to Guangdong once a year and made many statements on opening up. During his current trip to Guangdong, he inspected the Shantou SEZ, Chaozhou City, and Nanhai County in the Zhu Jiang delta, and looked very pleased all the way. In Nanhai, he said that in building spiritual civilization it is definitely necessary to avoid formalism and to pay attention to attaining solid results.

However, Li Tieying, who is concurrently minister of the State Education Commission, "talked shop all the time." He stressed that, in carrying out further reform and opening up, it is necessary to attach importance to bringing into play the role of science and technology, education, and talented people.

Yan Mingfu, former head of the CPC Central Department United Front Department, is also in Guangzhou now. As he is now vice minister of civil affairs, he keeps a very low profile by not speaking on public occasions.

The Guangzhou city government has lost no time in announcing to the outside world that Guangzhou not only enjoys fast economic growth but also conforms to the CPC Central Committee's requirements in terms of "building spiritual civilization." Horizontal scrolls with words "affection fills flower city" are hung in many places and streets. The fact that over 150 wheelchair lanes have been built throughout the city shows the government has made great efforts to create this atmosphere.

The city residents have given a lukewarm reaction to the "civilization undertaking." To prevent the "Games of

the Disabled" from being left in the cold, the organizing body has distributed tickets to some organs and schools and stipulated that those who fail to watch the game will have their bonuses deducted. As a result, some people have to give up work during work hours and go to "finish their political task."

Prominent Scholars To Receive Extra Pay

HK1403055092 Beijing CHINA DAILY
in English 14 Mar 92 p 1

[By Li Hong: "Extra Pay Agreed for Prominent Scholars"]

[Text] The government is set to give outstanding Chinese intellectuals extra pay plus the freedom to change jobs, a national conference on personnel reform in Beijing was told yesterday.

Some government departments are said to be working on a revised pay programme to lift pay for qualified personnel in research centres, universities, hospitals, cultural and sports centres.

Details of the programme will be discussed at the conference and sent to the State Council for approval, officials said.

The Ministry of Personnel, responsible for expert and talent management, will this year select a greater number of specialists, scholars and technicians to be rewarded with an extra monthly allowance of 100 yuan (about \$20).

More promising middle-aged and young scientists are expected to get the money.

The policy is an important move by the Party and the State Council to further encourage the country's intellectuals in their work, and will remain unchanged for years to come, said Personnel Minister Zhao Dongwan.

The State will set up a special fund for the scheme, Zhao added.

Last year, with a special appropriation of 100 million yuan (\$18.5 million) from Central Government, the ministry selected more than 9,000 outstanding experts and scholars as recipients of the special monthly allowance.

Also, 400 outstanding experts and professors working in the country's military sector have recently been selected to receive the allowance, according to a State Council and Central Military Commission notice published on Wednesday.

These distinguished military intellectuals include researchers, technicians, surgeons and teachers. The youngest of them is 38-year-old associate professor Fan Daiming of the Fourth Military Medical University base in Xian.

Cries for the abolishment of the "iron rice bowl" and the "iron salary" have been increasing since recently, and it

is widely considered that the pay of the experienced and knowledgeable should be increased to prevent a brain drain.

In another development relating to intellectuals, Zhao said that his ministry was stepping up a reform designed to give better-educated people more freedom to choose jobs.

Experimental work is being implemented in the country's five SEZs (Special Economic Zones) and high and new technology zones.

Meanwhile, China is considering a series of more open and flexible policies to improve its service for returned students, according to the Ministry of Personnel.

On the top of the reform agenda is establishing job introduction centres for returned students in the two Special Economic Zones of Shenzhen and Zhuhai, Shanghai, and the coastal province of Fujian on the western side of the Taiwan Straits.

Preferential policies cover more living space, more chances to receive higher professional titles, and freedom to move family members to big cities.

Students under two- to three-year agreements with their centres will be allowed to remain or change their jobs as their agreements expire.

Number of Graduate Program Applicants Increases

OW1603064092 Beijing XINHUA in English
0604 GMT 16 Mar 92

[Text] Beijing, March 16 (XINHUA)—The number of applicants for graduate programs this year jumped by 13.3 percent over last year, reflecting rising demand for more professionals with expertise.

According to officials of the State Education Commission, total number of applicants all over the country reached 114,256, registering a net increase of 21,570 people over last year.

China resumed graduate student admission through competitive examination since 1978. Graduate admission reached its peaks in number in 1985 and 1986.

Higher value for knowledge and talented people while the country concentrates on economic construction is considered to be the major factor behind the increase in applications.

Commission officials said that enterprises and government institutions are demanding people with better educational backgrounds and university students are finding that more knowledge and higher academic degrees will make them more competitive jobseekers.

Many people apply for graduate study with the hope that they will replace their present jobs for more satisfactory ones after graduation. Statistics show that more than 20 percent of the applicants with employment now are

teachers of primary and secondary schools, who are generally regarded as poorly paid.

Fewer students are keen to go abroad for further study, resulting in further increases in applicants for domestic programs, the officials pointed out.

Among the applicants, some 53.7 percent have jobs. About 40 percent of these people have jobs related to science and technology, the officials said.

The number of applicants remain at previous levels in large cities like Beijing and Shanghai while jumped markedly in Shaanxi, Shanxi, Shandong, Anhui and Zhejiang Provinces, the officials said.

Science & Technology

Rocket Launch of Australian Satellite Fails

Live TV Coverage

OW2203142492 Beijing Central Television Program
One Network in Mandarin 1035 GMT 22 Mar 92

[Live relay of the launching of an Australian satellite in Xichang, Sichuan Province, China]

[Text] Viewers and friends, how do you do. This is the Xichang Satellite Launching Center in Sichuan Province, China. Now the Central Television Station is broadcasting live to you our country's first launch of an Australian communications satellite. What you see now is the launch site. At 1840 [1040 GMT], our country will use a cluster rocket, the Long March 2-E developed and manufactured by China itself, to place an Australian communications satellite, which was built by the Hughes Company of the United States, into orbit. [Video opens with a long shot of the Xichang launch site, showing the Long March 2-E rocket with its payload ready for launch]

In 1988, the Hughes Company and our country's Great Wall Industrial Corporation concluded a contract for launching a satellite for Australia. Through the concerted efforts of the Chinese, American, and Australian sides, all preparatory work has been completed, and the launching of the Australian satellite [Aussat] has entered the the final five-minute countdown. Ignition is to begin almost immediately.

Viewers and friends, this is the 76.8-meter-tall Long March No. 3 launch tower. The Asiasat-1 was launched from here on 7 April 1990. It has launched eight satellites in all.

This No. 2 launch tower was newly built for launching giant carrier rockets with great propulsion power. It comprises a 97-meter-high mobile tower and a 74-meter-high fixed launch tower, which is now the largest launch tower in China.

Viewers and friends, this is the Long March 2-E rocket which has been newly developed and manufactured by our country. The rocket, built by using a Long March 2 rocket for its main body and supported by four strap-on 2.25-meter-diameter boosters using liquid fuel, is known as the Long March 2-E cluster rocket. It is 49.7 meters tall. Its payload capacity for low orbit is 9.2 metric tons. This is the first time this type of rocket has been used to launch a communications satellite. On top of the rocket is a 10.5-meter-high cone with a diameter of 4.2 meters. It is called a fairing, which is currently the largest one manufactured by our country. It contains the Australian satellite and the uppermost rocket. They weigh 7,649 kg. The satellite was developed and manufactured by the Hughes Company of the United States in the 1990s. This is the first time ever this type of satellite has been launched. Australia bought two satellites of this type and named them (Aussatibi). Another satellite is to be launched by our country at a later date this year. [Video continues to show various parts of the rocket as they are described by the announcer]

Now what you see is the Xichang Satellite Launching Center's command and control center, which is 6.2 km from the launch site we have just introduced.

Seated in this great hall today are responsible individuals from the China Great Wall Industrial Corporation, the Chinese Satellite Monitoring and Control Department, and Xichang Satellite Launching Center, as well as chief engineers for various systems. In addition, there are also relevant individuals from the Australian Satellite Company and the Hughes Company of the United States, along with experts and government officials.

Seated among the spectators on the second floor are envoys to China from the United States, Australia, Italy, and Malaysia; individuals from the space aviation communities in the United States, Australia, France, Britain, Italy, Austria, Denmark, Japan, Thailand, Indonesia, and Malaysia; and celebrities from Hong Kong and Macao, totaling some 130. [Video shows shots of spectators inside and outside the command and control center]

Viewers and friends, all staff members at the launch pad have been evacuated and the launch site has entered last-minute preparations. The rocket will take off soon. [Video shows people seated in the center watching a large screen TV showing the rocket ready for take-off. Following the final countdown, the rocket ignites and is immediately surrounded by flames and orange smoke. For three minutes and 10 seconds, video shows the rocket standing still while the flames die out and the smoke clears]

Viewers and friends, the rocket launch has encountered some trouble. Tang Jinan, president of the China Great Wall Industry Corporation, will give an explanation. [A voice in English says: "...underneath one of the

engines—one of the strap-on engines." Video shows Tang Jinan in a dark Western business suit speaking into a microphone]

[Tang Jinan] Ladies and gentlemen, and comrades, because the carrier rocket has failed to lift off, the launching of the Australian satellite has failed. In the field of scientific experimentation, although failures are unavoidable and also temporary, the China Great Wall Industrial Corporation, as the Chinese party to the contract for the launching of the Australian satellite, expresses its regret. We will investigate the cause of the failure as soon as possible and promptly inform customers of the circumstances, and we will prepare for the launch of the Australian satellite next time. Thank you to all. [end Tang Jinan]

Viewers and friends, our relay ends here today. Thank you for viewing it. Until next time!

Ambassadors Express Regret

HK2303042392 Hong Kong WEN WEI PO in Chinese
23 Mar 92 p 2

[Report: "American and Australian Ambassadors Praise Efforts by Chinese Side To Protect Satellite As Best As It Can"]

[Text] Beijing, 22 Mar (WEN WEI PO)—According to news from Xichang, the Xichang satellite launching base has failed to successfully launch a satellite for Australia this evening. The U.S. and Australian ambassadors, who went specially to the base to watch the launching, expressed regret at the banquet later over the failure to launch the satellite jointly developed by China, the United States, and Australia. Nevertheless, the Chinese side has done its best to prevent the satellite from being damaged.

More than 200 Chinese and foreign guests were invited to watch the satellite launch in Xichang today. Cheng Yiu-tong, director of the Hong Kong Joint Federation of Trade Unions, is one of them.

Despite the failure to launch the rocket, it has been reported that the base held the banquet on schedule after the accident.

Emergency Shutdown Initiated

OW2203164292 Beijing XINHUA Domestic Service
in Chinese 1551 GMT 22 Mar 92

[Text] Xichang, 22 March (XINHUA)—According to an announcement made here by a spokesman of the Chinese Satellite Monitoring and Control Department assigned to the Aussat launch site, an emergency shutdown was initiated following the carrier rocket's ignition and the development of abnormal thrust in the primary engine during the launch of the Australian communications satellite at 1840 today. The cause is still under investigation. Currently the satellite, the carrier rocket, and the launch facilities are all in a secure state.

Failure Said Due to Motor Breakdown

HK2303093692 Hong Kong HSIN WAN PAO
in Chinese 23 Mar 92 p 3

["Special feature" by staff reporter Chen Shao-chiang (7115 1421 1730): "Person in Charge of Company Concerned Says Efforts Will Be Made To Speedily Ascertain Cause of Failure in Rocket Launching"]

[Excerpt] [passages omitted] At 1846, a decision on announcing the failure of the rocket launch was finally heard. A person in charge of China Great Wall Industrial Corporation told the audience: "The rocket was not successfully launched, thus leading to the failure in the launching of the Australian satellite. Failure is unavoidable but is also a transient phenomenon. However, as a contractor of the Chinese side in the Australian satellite launching contract, China Great Wall Industrial Corporation would like to express regret over the matter."

He continued: "We will try to find out the cause of this failure and inform our client as soon as possible, and will prepare things well for the next launching of the Australian satellite."

Ten seconds later, the Central Television Station announced the end of the live broadcast. The audience was still eager to know more about the relevant incident from the 1900 newscast, but nothing was mentioned. There was no mention of it in the "evening news" program at 2200 either.

China announced in 1985 that it would put the Long March carrier rockets on the international market. The "Long March 3" rocket once successfully sent Hong Kong's "Asiasat 1" communications satellite into orbit. This time, the satellite "Aussat B1" was made by the U.S. Hughes Aircraft Corporation and carried by the "Long March 2" cluster rocket, which is called the "Hercules." It belongs to the second generation communications satellite.

During a long distance telephone interview with reporters, Cheng Yiu-tong, a Hong Kong affairs adviser, said the technicians on the scene told him the breakdown of the rocket propellant motors caused the unsuccessful launch. Three of the four motors were firing normally, but one was malfunctioning. Fortunately, the safety device closed immediately, disabling the rocket. Otherwise, there would have been more serious consequences if the rocket was launched.

Data shows that breakdown may occur from time to time in rocket launching. In 1990, the launching of the "Asiasat 1" was postponed for one hour because of rocket problems.

Carrier Rocket Launch Site Locations Given

OW2203030892 Beijing XINHUA in English
0242 GMT 22 Mar 92

[Text] Beijing, March 22 (XINHUA)—China now has three carrier rocket launch sites:

- The Jiuquan site, in northwest China's Gansu Province, is used to launch "Long March-2" rockets carrying low orbit satellites;

- The Xichang site, in southwest China's Sichuan Province, is used to launch "Long March-3" rockets carrying communications satellites; and,

- The Taiyuan site, in north China's Shanxi Province, serves as a launch site for "Long March-4" rockets carrying solar synchronous satellites.

Overview of Satellite Development Since 1970

OW2203030392 Beijing XINHUA in English
0240 GMT 22 Mar 92

[Text] Beijing, March 22 (XINHUA)—Since 1970, China has made 31 satellites. They are: 12 low orbital recoverable satellites, six geostationary communications and broadcasting satellites, two solar-synchronous meteorological satellites, and 11 scientific experimental satellites.

China launched its first operational two-transponder communications satellite, "Dongfanghong-2" in 1986. From 1989 to 1990, three "Dongfanghong-2a" communications satellites were launched.

China sent its first solar-synchronous meteorological "Fengyun-1" satellite in 1988 and its second in 1990. Besides sending clear cloud pictures for weather forecasts, the two meteorological satellites also play a role in detecting disastrous weather and detecting forest fires and earthquakes.

China began launching recoverable satellites for remote sensing in 1975. Since then, achievements have been made from remote sensing in national defense, agriculture, forestry, geological prospecting, environmental protection and urban planning.

China's 11 scientific experimental satellites have laid a foundation for developing new satellites and contributed to human probing into the physical environment of outer space.

According to the Aerospace Ministry, China is now making more advanced communications and weather satellites. The "Dongfanghong-3," now under development, will have 24 transponders able to transmit six color tv programs and 8,100 telephone calls. Also, beginning from 1988, China has been cooperating with Brazil to develop a solar-synchronous natural resource satellite.

All these new satellites are expected to be launched within five years, according to the ministry.

Economic & Agricultural

State To Attack Illegal Sale of Land-Use Rights

HK2003054592 Beijing CHINA DAILY in English
20 Mar 92 p 1

[By staff reporter Liang Chao: "State To Launch Attack on Illegal Land-Use Deals"]

[Text] The government is taking aim at illegal dealing in land-use rights, which is costing China millions of yuan a year in unpaid fees.

All land in China is owned by the State. While government institutions, schools and enterprises have been given free use of the land occupied by them, they are not allowed to transfer their land-use rights to others without government approval.

Recently, however, many urban land users—mostly enterprises and institutions that have a large amount of land under their control—were found to have sold or transferred their land-use rights to foreign investors and Chinese private business people "for huge profits," official said.

The State Land Administration (SLA), China's top land authority, says that this has already led to the emergence of a hidden land market, in which large sums of land rents that should go into State coffers are pocketed by land users and traders.

As a result, China is currently losing some 10 million yuan (\$1.9 million) in State income per year in each of its 59 cities with a population of more than 500,000. And it is losing another 500,000 yuan (\$94,000) per year in each of its 1,903 counties from such activity, according to a recent SLA survey.

The problems arose in the wake of China's recent land-use reform, which aimed to gradually convert free land use into a paid land-use system, with fees going to finance development of infrastructure.

Launched in the late 1980s as a trial project, the land-use reform has been introduced in 20 cities.

Domestic land users, mostly the State-run enterprises, institutions and public projects, are still using the State-owned urban land with administration approval. They all have had to pay an annual land tax since 1988.

But in 1990 the government prohibited the users from transferring the land or using it as security for a loan or to back an investment unless they pay a special fee set by the SLA or its local agency.

The land-use rights can only be traded on the official market, according to the State Council's decree that set up the special fee system.

The SLA promises to give at least half of the special fee charged on such transfer to the former users. The government wants to encourage such transfers to speed up urban development, officials pointed out.

Meanwhile, the government hopes the land market reform will ensure a stable State income from real estate, which could then be used to upgrade China's inefficient urban infrastructure.

Beginning from this year, the SLA said, it will clamp down on land profiteers.

The SLA will inspect urban land users and some foreign-funded firms that have obtained land-use rights.

The inspection is expected to be completed within two or three years, officials said.

The check-up aims to tighten the government control over land administration and establish a normal land trade market, to make the best use of China's limited land resources during the ongoing reform.

Beijing Stated for Nation's Third Stock Market

HK2303042592 Hong Kong TA KUNG PAO in Chinese
14 Mar 92 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Beijing Axes Enterprises Suffering From Deficits"]

[Text]

Mayor Chen Xitong and More Than 1,000 People Attended the Ceremony

It was the first time in Beijing that a state-owned industrial enterprise had been taken over by a commercial group. The day before yesterday, the Beijing Dongan Group formally took over what was previously the Beijing No. 2 Watch Factory, and the contract signing ceremony was attended by Mayor Chen Xitong and more than 1,000 relevant persons. According to authoritative sources, this event shows that there has been a major breakthrough in modifying the orientation in Beijing's attempts to readjust its economic structure.

What is noticeable about this news item is that even state-owned enterprises in the capital will have to face being closed down, having their operations suspended, mergers, or retooling if they suffer deficits. The Beijing No. 2 Watch Factory, with more than 600 staff and workers, and more than 6 million yuan in total assets, has suspended operation because of its longstanding deficits and large debts. Now it has been taken over by a Beijing commercial group. The resourceful Dongan Commercial Group (owner of 56 enterprises in Beijing as well as in seven provinces and cities) has repaid debts of \$1 million on behalf of the Beijing No. 2 Watch Factory, and has taken over the factory's assets as well as its staff and workers. The factory's future will be in the hands of the Dongan Group, but certainly the Dongan Group will not keep the practice of "eating from the

same big pot." The mayor and more than 1,000 people from relevant departments attended the contract signing ceremony because it is the first time in Beijing that a state-owned factory has been taken over, and it shows the authorities' strong determination and courage to resolutely consolidate state-owned enterprises suffering from longstanding deficits. The mayor's presence showed that he is personally concerned about and strongly supports the rectification of state-owned enterprises running a deficit.

Loss-Suffering State-Owned Enterprises in the Capital Are "Axed" Without Exception

The rule of the inferior being weeded out by the superior through economic competition will be applied to state-owned enterprises throughout the country. Nowadays thoroughgoing enterprise reforms have been set in motion in Beijing, and such actions in the capital are of great significance to the promotion of nationwide enterprise reform. In a meeting held in Beijing two days ago, Vice Minister of Finance Zhang Youcai said: Now that deficits incurred by state-owned enterprises are very severe, it is necessary to resolutely solve the problem. He anticipated that it would take three years or even longer to gradually reduce deficits until operational losses are made up. Of course, some factories will be closed down, but the rectification process will be steady and not go too fast, or else there will be chaos.

Nowadays, real concrete action of accelerating reform and opening is being launched throughout the country. The central authorities have repeatedly stressed that action taken this time must be enforced with "vigor and solid work," and "idle talk" will be eliminated, while words and deeds must match one another. This directive is being brought into play with great effect.

A Stock Market Will Also Be Established in Beijing

According to another report, in the wake of the practices in Shanghai and Shenzhen, China's third stock market will be opened in the northern part of the country, and it is likely that it will be founded in Beijing within the year. During a work meeting discussing the pilot plan for installing the joint stock system in enterprises, which was held in Shenzhen in late February and early March, a consensus was reached: "The stock system can be utilized by capitalism; it can be utilized by socialism too." Now that various places throughout the country are engaged in bold exploration and opening, it is necessary for enterprises to raise funds by issuing stock. If China's third stock market is founded in Beijing, it can be described as a logical development.

The sum of people's savings throughout the country exceeds 800 billion yuan. Many people have surplus money but there is nowhere to invest. A good amount of funds can be raised and the state would not need to pour extra money into enterprises as long as commodity housing markets throughout the country are opened up to encourage people to buy houses so as to preserve the value of their assets and to pass them on to their

descendants, or stock markets are opened to let people invest their surplus money. After implementing the joint stock system, an industrial enterprise has to be accountable to its board of directors and "stockholders," so it would not dare do things in a slapdash manner. Likewise, incompetent factory directors will be dismissed relentlessly. Such a practice is undoubtedly beneficial to the state, the enterprise, and individual investors. The question of why "capitalists' methods of improving productivity cannot be used by China" has already been resolved.

In order to accelerate reform and opening up, it is necessary to depart from unnecessary restrictions and break through all obstacles. Now that there is a trend of a large-scale opening throughout the country, the future prospect is encouraging.

Officials Warn Against Stock Speculation

HK2003093792 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0948 GMT 11 Mar 92

["Dispatch": "Officials of the State Commission for Restructuring the State of the Economy: Shenzhen and Shanghai Stock Exchanges Should Become Nationwide Stock Exchanges"]

[Text] Shenzhen, 11 Mar (Hong Kong ZHONGGUO TONGXUN SHE)—A few days ago, people, including Chen Jinhua, minister of the State Commission for Restructuring the Economy; and Liu Hongru, vice minister, held a forum in Shenzhen on the national pilot project of enterprises under the stock system and stated: The Shenzhen and Shanghai stock exchanges should become nationwide stock exchanges.

The officials of the State Commission for Restructuring the Economy said: Reform of the stock system must be carried out in a planned, systematic, and organized way and we must avoid rushing headlong into mass action. Reform of the stock system is systems engineering of a broad scope, and if it is carried out slightly carelessly, social stability will be affected. In view of the Shanghai pilot project experience in the last few years, when the relevant laws and regulations are unsound, counter transactions cannot be carried out at random because they can easily cause chaos and bring about a series of problems. Moreover, we cannot lower the standard of companies entering the stock market.

In dealing with the stock exchanges, these several officials stated: It is necessary to study the rational setup of China's stock exchanges. The main point this year is to run the Shenzhen and Shanghai stock exchanges well. No new stock exchanges are to be set up in the other places this year. The other enterprises that comply with the conditions can go on the stock market in Shenzhen and Shanghai. The stock exchanges of these two places should become the nationwide stock exchanges.

These several officials maintain: China's policies are to encourage investment but not speculation. However,

speculation must be specifically analyzed and it is essential to avoid the action of manipulating the market and the tendency toward concentrating stock certificates in the hands of a small number of people. Shenzhen and Shanghai have discovered a series of management regulations, which can be used as a reference. The regulations and documents of the Company Law and Securities Law have now been promulgated, and in the future, it will be imperative to develop institutional investments and to set up pilot project of investment funds.

Beijing Grain Market Stable After Price Hike

OW2003102992 Beijing XINHUA in English 0953 GMT 20 Mar 92

[Text] Beijing, March 20 (XINHUA)—Sales in grain shops in Beijing remained normal on March 19, the first day after the State Council's decision to raise the price of grain on April 1 was made public.

In the open markets of the city, individual pedlars had shipped in huge quantities of rice from other localities in anticipation of the projected buying spree, only to find sales were normal.

The decision to raise the state selling price for grain by an average of 11 fen per 500 grams will be the second hike in a year. The affected products include soy sauce and bean curd.

According to Beijing grain authorities, around March 16, when the news began to spread around the city, queues appeared in grain shops in the suburbs. The daily sales of grain in Beijing rose by 5 million kilograms, or over double the usual amount. However, the sales began to drop on March 19.

"I bought two sacks of flour before the grain price went up last time. But part of it went rotten after being stored too long. So I don't want to buy anything this time", an elderly woman told reporters.

Still, there are some people who are worried that the price of other commodities will be forced upward by the increase in grain prices. To allay that concern, relevant departments have already issued a circular banning price hikes of other commodities.

'Mild Reaction' in Cities

HK2003064092 Beijing CHINA DAILY in English 20 Mar 92 p 1

[By staff reporter Chen Xiao: "Residents Ready for Price Rise"]

[Text] At 8 yesterday morning, Lao Liu left home in a hurry, pedalling his pedicab.

Half an hour later, Lao Liu loaded 100 kilograms of flour and 15 kilograms of noodles on the seat of his pedicab—an insurance policy against the coming increase in grain prices announced on Wednesday.

"To be frank, I don't think it's worth buying too much because flour and noodles cannot be preserved long," Liu said.

Unlike Liu, a building worker in his 40s only bought 25 kilograms of rice. He seemed not to care much about the rise of grain price.

Liu was among those Beijingers who reacted with their wallets after watching TV news on Wednesday.

However, most urban residents remained indifferent. The price rise of grain will not affect them too much.

"My family will spend about 10 yuan (\$1.90) more on grain monthly, and that is what we can afford," said a doctor who has a family of four.

Yet, some people are worrying about possible price rises of other commodities made from grain.

They may rest assured as Beijing Municipality has set up a hot line to supervise any illegal price hikes and buy-outs of grain to prevent people from profiteering.

The State Council announced through the media that the State's selling price for grain will be raised an average of 11 fen (2 cents) per 500 grams April 1.

The reform has filled in the gap between purchasing and selling prices and helped the country to trim subsidies of the commercial prices that residents pay.

After the State Council declared in February that it would raise the prices paid to farmers for grain, it had to follow up with an increase in the selling price for consumers so that the government wouldn't get stuck with billions in subsidies.

This has been the second time since last May that the State has significantly raised the selling price of grain.

Like a stone evoking a ripple on a smooth water surface, the circular drew a mild reaction on the first day of news release.

In Shanghai, the savvy residents were queuing up in grain shops, and in one grain shop, the day's daily sales of flour were almost 10 times the average. For the first time in months, they talked much more about price hikes than about stock market quotations.

In Hangzhou, a capital city of the eastern Zhejiang Province, the price of grain in free markets climbed 8 fen (1.5 cents) yesterday due to the increasing demand from consumers.

In Beijing, the market prices of grain went up at most 5 fen (0.9 cents) yesterday.

The price hike will most deeply hurt the rural people who are working in urban areas, because they are not entitled to subsidies.

The government subsidies are only for urban residents.

First Grain Wholesale Market in Beijing Opens

OW2003173592 Beijing XINHUA in English
1652 GMT 20 Mar 92

[Text] Beijing, March 20 (XINHUA)—Beijing's eastern suburbs grain wholesale market—the first of its kind in the capital—became operational today.

According to Zhang Zhengyi, head of the Beijing grain bureau, the grain exchange market aims to attract the nation's quality grain, cooking oil and grain products, fodder, additives and related products.

It will not only conduct grain wholesale spot transactions, it will also deal with forward transactions.

The exchange market can also purchase, sell, store and transmit grain, and provide information and consultation services.

According to Zhang, about 320 million kg of grain, grain products and over 400 varieties of cooking oil are on sale at the market. They come from 14 provinces and municipalities.

Zhang said that Beijing is to open three other grain wholesale markets soon.

Ma Hong Urges S & T Application in Economy

HK2003100792 Beijing GUANGMING RIBAO
in Chinese 29 Feb 92 p 2

[Excerpts of speech by Ma Hong, director general of the State Council's Development Research Center, at a Symposium on Promoting Economic Development With Science and Technology: "Several Views on Questions Concerning Science and Technology and Economic Development"]

[Text] After the work to improve the economic environment and rectify the economic order, the economy of our country is now getting onto a normal track and marching toward the second step of the strategic objective. During the Eighth Five-Year Plan and Ninth Five-Year Plan, in order to realize a high quality of national economic development under a lot of pressure including population, resources, environment, and demand, it is all the more necessary to grasp and rely on the most powerful weapon of science and technology.

During the eight to nine years before striding into the 21st century, in order to further carry out the combination of a planned economy with market regulation and the linkage of science and technology with economic development, in light of the essential factors and conditions of the reform process for 13 years and our scientific and technological abilities, industrial structure, volume of capital reserve, and human resources in the near term, there are a few questions meriting people's attention, which I would like to put forward and discuss:

—Put in new high technology, improve the technological composition of industries.

It is an objective law of technological development and a general irreversible tendency that new high technology replaces step by step the outmoded technology which has proven to be definitely inferior. It is precisely such a replacement that pushes forward the industrial revolution and economic development. The development process in many countries and regions has shown that absorbing, internalizing, utilizing, and renovating existing high technology to rapidly replace seriously backward and obsolete technology in order to improve the technological composition of a country or region with a faster pace is an effective way to develop a country's economy. In putting new high technology into industries and enterprises, we should make timely and resolute policy decisions and, in some selected key units, make use of the latest scientific and technological achievements that are capable of raising productivity and economic results, so that the technological composition of industries in our country will make marked improvement in the 1990s.

—Develop new high technology, and promote the optimization of the industrial structure.

Over the past 20 years, new high technology has been developing at an exceptionally rapid speed in various developed and rising industrialized countries, and modern industries with intensive content of technology and high added value have been increasingly upgrading and optimizing the industrial structure of these countries and regions. At present, the industrial structure in our country is still rather backward, which is detrimental to furthering national economic development. In order to accelerate the upgrading of our industrial structure, apart from fully using new high technology to transform traditional industries, it is still necessary to particularly bring up and promote the growth of the industrial departments on the basis of new high technology.

—Intensify technological innovation, and enhance competitive power of industries.

Contemporary scientific, technological, and economic development is, in essence, promoted by sustained technological progress. And technological progress is the enhancement of industrial technological ability as well as economic growth and quality brought about by a series of technological innovation activities. Technological innovation is the source of scientific and technological advances and economic development. In a broad sense, technological innovation is not only creation and invention in the field of science and technology, but a comprehensive phenomenon which widely involves such fields as science, technology, economy, and society. It will produce an indispensable effect in promoting intellectual production, material construction, and spiritual molding. The economic vitality of a country or region hinges, to a great extent, on the capacity of its technological innovation, so a number of countries are building up and intensifying their technological innovation structure to increase industrial competitive power. It is also necessary for our country to initiate a fine macroclimate

to give impetus to innovation, and vigorously push forward the scientific and technological progress symbolized by technological innovation so as to comprehensively increase the international competitive power of our industries.

—Support the scientific and technological development, and increase the input of science and technology of the entire society.

In recent years, the "endeavors to invigorate a province, a city, or agriculture through application of scientific and technological advances" were put forward one after another, and were generally taken as major strategic measures to invigorate a region, trade, and industry by relying on science and technology. This reflects that the role of science and technology in the economic and social development has been affirmed by all localities, and it is a major change in people's ideological understanding. In certain industrial groups and scientific and technological-type enterprises in our country, there have been successful cases in which more products have been turned out in material and intellectual production as a result of increased input in science and technology. Now, it is necessary to urge the entire society to give support to scientific and technological development by gradually providing additional input oriented to the needs of boosting science and technology from various channels such as the state, localities, industries, trades, and enterprises, thus impelling science and technology to contribute more to the economic and social development in our country.

—Create necessary conditions, and display the enthusiasm of the scientific and technological personnel.

Scientific and technological personnel are carriers of science and technology and leading forces in developing and applying science and technology. The basic quality and mental attitude of scientific and technological personnel have a direct impact on the quality and efficiency of the scientific and technological work. China is a developing country. It is impossible to make a comparison between China and the developed countries in terms of material equipment and funds input in science and technology. However, we should and can manage to create a prevailing social custom of supporting scientific and technological activities, respecting scientific and technological personnel, and safeguarding scientific and technological achievements. Over the past few years, given the state financial difficulties, some concrete measures have been taken to improve the working, studying, and living conditions of scientific and technological personnel. But, generally speaking, there are still many aspects which fail to satisfy people's wishes. In the future, the party and government will further create necessary conditions to allow the vast number of scientific and technological personnel to display their wisdom and intelligence. The rank of scientists and technicians of our country, who have been trained and brought up in the arduous struggle, will certainly bring into full play

their initiative and creativeness, and make new contributions to our country and the people in the great cause of realizing the second step of strategic objective.

Shanghai Paper Outlines Economists' Tasks in 1990s

OW2303034892 Beijing XINHUA in English
0316 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—The 1990s will be a pivotal period for the development of economics in China, according to an article in LIBERATION DAILY [JIEFANG RIBAO], a Shanghai-based newspaper.

The past decade has witnessed rapid development in social sciences in China, especially economics, thanks to the country's economic reform and opening up to the outside world.

But reform has imposed new demands. Economists in China established the need for reform and an open-door policy after analyzing the pros and cons of the planned economy and changes in the world economic order.

Economists in China also offered data for officials at all levels on which to base policy.

In 1984, the Third Plenary Session of the 12th Central Committee concluded that the socialist economy in China should be a planned economy combined with market mechanisms on the basis of public ownership. It is a new concept of a socialist economy.

Before the session, state planning produced a vertically organized economy, in which the state set targets and made demands; the ministries then elaborated them into detailed plans for the agricultural and industrial sectors. Under such a system, producers received instructions from above, did their work and turned their products over to the state.

It will take years to turn the planned economy into a market economy under state control.

Chinese economists were required to pay more attention to the strategies for economic development and the measures that will turn the brainchild into reality.

In such circumstances, a large number of economists left the ivory towers of academic study to do research on reform and the open-door policy and help governments at all levels to make economic policy.

In the past decade the switch from the planned economy to a market economy under state control has brought about impressive political, economic and social changes. Chinese economists have gone to great lengths to popularize elementary economics among the people so that they adapt themselves to the new order.

Many new branches of economics have been developed to meet the needs of industry, agriculture, commerce, population and urban planning.

There has been a major change in the research approach to economics. Chinese economists used to follow dogmatic methods which focused on accepted concepts and theories. Now they adopt new methods which include theoretical studies, experimentation, and statistical analysis.

In the 1990s economics in China will face new questions.

First of all, the economists must deal with the relationship between theory and practice. In the 1980s, they divorced their studies from practice.

Second, they must pay more attention to the relationship between economics and other subjects. The adjustment of the economic order has also resulted in significant changes in the political, social, cultural and ideological fields.

Finally, Chinese economists should be prepared to draw on the achievements of their Western counterparts.

Li Xiannian Urges Rural Reform in Book Preface

HK2003011492 Beijing RENMIN RIBAO in Chinese
9 Mar 92 pp 1, 2

[Article by Li Xiannian: "Preface to *Agriculture in Contemporary China* (28 May 1991)"]

[Text] China is a big agricultural country with a long history. Over the course of the history of human civilization, the industrious Chinese peasants have accumulated rich experience in the struggles against nature and created Eastern traditional agriculture renowned worldwide, which constitutes a valuable part of the world's agricultural heritage. Ruled by the feudal system for a long time in the past, however, the peasants were subject to slavery and the development of agricultural productive forces was seriously restricted. Following the Opium War, China was reduced to a semifeudal and semicolonial society and the vast numbers of peasants were exploited by imperialism, feudalism, and bureaucrat capitalism. In addition, the frequent chaos caused by war undermined and slowed down the growth of agricultural productive forces. China remained at the stage of a natural economy and the peasants lived in dire poverty until the PRC's founding.

The PRC's founding opened up a new chapter in China's agricultural development. Thanks to the efforts made over the past 40 years or so under CPC leadership, China's agriculture has scaled new heights one after another and won world acknowledged brilliant successes. Compared with 1952 when China resumed its agriculture position at the highest level, our grain output in 1990 increased 172 percent. Cotton; oil-bearing crops; and pork, beef, and mutton increased 245 percent, 285 percent, and 643 percent respectively. Considerable development was also registered in sugar crops, tea, tobacco, jute, fruit, aquatic products, and other agricultural and sideline produce. Although China's population rose 98.9 percent during the same period, average per capita output of major farm and sideline produce rose by

a wide margin. The per-capita amount of nutrition and calories drawn from food every day has reached the level of intermediate developing countries. These successes are hard won and significant as they are achieved in a country with a population accounting for one-fifth of the world, but with cultivated land accounting for only 7 percent of the world's total.

When major breakthroughs were made and agricultural production developed in an overall way, particularly since the Third Plenary Session of the 11th CPC Central Committee, China's rural township enterprises suddenly came to the fore and nonagriculture developed vigorously, which effectively changed the long-standing single-product economic operation structure, became the mainstay of the rural economy and essential source of the peasants' incomes, and opened up a new way for realizing socialist industrialization with Chinese characteristics. The rural economy's development markedly improved the peasants' material and cultural lives. The peasants' average net income reached 629.8 yuan in 1990, an increase of 372 percent over 1978 or an annual rise of 7.5 percent after deducting price hikes. The development of China's agriculture and the overall development of the rural economy will basically resolve the problem of food and clothing of the 1.1 billion people and also play a greater role in the course of leading the country to the comparatively well-off goal.

Nevertheless, New China's agricultural development has not been plain. It underwent a course of vigorous development as well as advanced along a tortuous road. During the three-year period of national economic restoration in the early 1950s, China's rural areas successfully carried out land reform and attained the goal of agricultural restoration. During the First Five-Year Plan period, agriculture developed smoothly and the peasants were led to the road of cooperatives. However, agriculture suffered setbacks during the "Great Leap Forward" and the people's commune movement launched in 1958. Thanks to national economic readjustment, China's agriculture resumed and developed. Nonetheless, agriculture was again undermined and battered by the following decade-long "cultural revolution." After the Third Plenary Session of the 11th CPC Central Committee, the rural areas took the lead in carrying out reforms, resulting in high agricultural growth for successive years and a rapid growth in the rural economy. Despite the decline in grain and cotton production and the stagnant agricultural situation in 1985, the party committees and governments at all levels strengthened leadership over agriculture and introduced economic improvement and rectification and deepened reforms. As a result, China's grain output hit another record in 1990; cotton production resumed to a great extent; and a new situation was created in most of the cash crops, forestry, animal husbandry, sideline occupations, fishery, and nonagricultural industry focused on township enterprises. Now a big environment conducive to agricultural development has taken shape nationwide.

We can avoid or make fewer mistakes in agricultural development in the years ahead only by correctly summing up experience and earnestly drawing lesson from history. From the tortuous course undertaken by contemporary China's agriculture, we should fully understand that agricultural stability is the foundation of social and political stability and firmly foster this basic viewpoint. Whatever happens, we should unswervingly implement the policy for the national economic development which takes agriculture as the foundation and always keep agriculture before other economic work. While maintaining steady agricultural development, it is necessary to correctly handle the proportional relations between various industries. As the population increases and cultivated land decreases, China's agricultural production will face a grim situation for a considerable period in the future. We should have a sober understanding of this and never relax our attention to agriculture because of the increase in grain output for one to two years or three to five years. We must prevent repetition of past mistakes. It is necessary to adhere to the principle that suits transformation of rural production relations to the development level of productive forces, establish and optimize the rural production setup adapted to the characteristics of the resources, and constantly develop a planned socialist commodity economy in the rural areas. We should rely on science and technology and education to boost agriculture; vigorously strengthen agricultural capital construction and agricultural development; upgrade agricultural science and technology and the cultural and scientific qualities of the peasants; develop agriculture-related industries; and accelerate the pace of agricultural modernization so that we can promote steady agricultural growth, attain the comparatively well-off goal in rural areas on schedule, and meet the requirements set in strategic objectives for national economic development.

At present, we should seize the opportune moment of economic, social, and political stability to continue to deepen the rural economic reform. The pressing problem of deepened rural reform is to continue to stabilize and improve the contract responsibility system on a household basis with remuneration linked to output, proceed from the localities' actual situation, vigorously develop various forms of socialized service systems, gradually expand rural economic strength, improve the management system in rural areas in which unified management is combined with separate management, make the most of the collective economy's superiority, give full play to the enthusiasm of the peasants' household operation, and lead the peasants step by step on the road to common prosperity. With the development of a rural commodity economy, the circulation problem has become increasingly prominent. We should continue to develop the commodity circulation system and encourage circulation by various economic sectors while giving play to the role of state commerce and supply and marketing cooperatives, which serve as the main channel; guide the peasants to engage in circulation; vigorously develop a new combination which integrates

production with supply and marketing; expedite the flow of goods in light of the principle of integrating a planned economy with market regulation; gradually establish a powerful macrocontrol and regulation mechanism; and set up a normal order for commodity production and exchange. It is also necessary to explore ways to promote price reform of farm produce in a step by step manner, establish rational price parities between industrial and agricultural products and between agricultural products, bring in an orderly way the relations between supply and marketing prices of grain and other major farm produce into better balance along with the increase in the real incomes of urban residents, tap the latent potentials of grain production, and promote grain production to a new level. In short, we should continue the ongoing economic structural reform in light of the requirements of the development of agricultural productive forces and constantly increase the productive forces through deepened reform.

In the "Contemporary China" book series, the books on farming, forestry, animal husbandry, aquatic products,

township enterprises, farm reclamation, and agricultural mechanization belong to the category of agriculture. *Agriculture in Contemporary China*, a combined volume on agriculture, shows the historical outlook of agriculture and rural economic development. This volume, which contains rich and detailed information, records the historic course of the tortuous road taken and vigorous development of agriculture, fully affirms the great achievements of agriculture, realistically describes the difficulties encountered and overcome, and profoundly sums up both positive and negative experience, offering relatively systematic information to readers at home and abroad who intend to study agriculture in contemporary China. Thanks to seven-years of hard work and labor from the author and involved personnel, the book *Agriculture in Contemporary China* has come off the press. This is indeed a great event worth celebrating. In the historic course of building socialist modern agriculture with Chinese characteristics in the years ahead, I hope all those who are engaged in or who show concern for China's agriculture will gain useful enlightenment from this book.

East Region

Chen Guangyi Speaks at Meeting on Reform

HK2303074492 Beijing ZHONGGUO XINWEN SHE
in Chinese 1418 GMT 11 Mar 92

[By reporter Tian Jiapeng (3944 1367 7720)]

[Text] Xiamen, 11 Mar (ZHONGGUO XINWEN SHE)—A four-day Fujian Provincial "Symposium on Stepping Up Reform and Opening Up in the Southern Fujian Triangle," aimed at studying how to take major steps to deepen reform and open wider to the outside world, began this afternoon.

Chen Guangyi, secretary of the Fujian Provincial CPC Committee, said at the meeting: People in Fujian should think about what others do not dare to think about, and do what others have not done or are not in a position to do even if they have the ideas. For example, Fujian enjoys exceptional advantages in contacts with Taiwan, and there are a lot of things which Fujian alone can do.

He said: The reason Xiamen was chosen as the venue for this symposium is that it holds the highest position in Fujian's pattern of opening to the outside world. One of the priority problems facing Xiamen Special Economic Zone [SEZ] now is how to put into effect some free port policies. He suggested that a bonded area and bonded production market means be set up, a system of exit and on-arrival entry visas be practiced, and a control line for the SEZ be established step by step, making the whole island a special tariff zone, directly oriented to world markets. In this way, Xiamen can be gradually built up into a commercial, banking, shipping, and tourist center in the province as well as in the southeastern coastal area.

At today's meeting, Shi Zhaobin, secretary of the Xiamen City CPC Committee, disclosed in his speech: In order to put into practice some free port policies, Xiamen is stepping up the following work: 1) Make active preparations to establish a bonded area. The city plans to delimit two square km of land in Xiang Yu [Islet] as a bonded area, which is required to have bonded storage facilities and the functions of commodity display, processing manufacture, and entrepot trade. The city government will set up a bonded area management organ to coordinate with the capital construction, organ establishment, and business operation of the bonded area in a unified way. 2) Prepare to establish a SEZ control line to facilitate the exit and entry of personnel and goods. 3) Prepare to build up a bonded market of production means and attract foreign investors and joint ventures to set up tertiary industry such as retail businesses in order to promote commodity market development.

Fujian Provincial Governor Jia Qinglin, persons in charge of various departments in the organs directly

subordinate to the province, and leaders of four prefectures and cities, comprising Xiamen, Zhangzhou, Quanzhou, and Longyan, attended the symposium.

You Dexin Says Fujian To Launch Opening Up

OW2103130492 Beijing XINHUA in English
1231 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—Fujian Province will focus on its southern part in its efforts to effectuate an across-the-board opening to the outside world, said Fujian Deputy Governor You Dexin here today.

During an interview with XINHUA, You said that the province will introduce some of the free port policies into Xiamen, one of the earliest special economic zone in the country, allowing more freedom in exchange of personnel, import and export of materials and in exchange of foreign currencies.

You is currently in Beijing to attend the annual Fifth Session of the Seventh National People's Congress (NPC).

At the same time, he said, Fujian is now applying for the permission to make Fuzhou City a financial center open to the outside world.

Southern Fujian is one of the well-developed areas in China. The number of foreign-funded enterprises operating in the region accounts for 62 percent of the provincial total, with the contractual amount of overseas investment accounting for 67 percent of the provincial total.

The coastal province has led the country in opening to the outside world. Now a five-tiered opening pattern has taken shape, with the Xiamen Special Economic Zone at the top, followed by the open areas, open cities and open coastal regions represented by the Mawei Economic and Technological Development Zone in Fuzhou and all the rest of the province.

The vice-governor told XINHUA that the opening up of Fujian will develop in depth and breadth this year. In terms of breadth, he said, the open areas will be extended from coastal cities to northwestern hilly and mountainous areas.

All the 33 coastal counties and townships, where the conditions are ripe, will enjoy preferential treatment as industrial satellite towns where foreign investors may invest in agricultural development projects and developing land on large tracts. In terms of depth, You noted, the province will concentrate its efforts on the development of the tertiary industry, including banking, commerce, communications, consultation and real estate businesses, which will make up over 40 percent of the industries in Fuzhou, Xiamen and other major cities by the end of the Eighth Five-Year Plan period (1991-1995).

Zhangzhou City in the southern Fujian triangle will not lag behind, added Han Yulin, a NPC deputy and mayor of Zhangzhou.

The city will start building a 16,000-ton class berth in the city during the next five years and at the same time it will speed up the pace of the infrastructural construction of the Gangwei Development Zone in order to attract more investment from foreign countries and from China's Taiwan Province which faces Fujian across the Taiwan Strait.

Meanwhile, the mayor said, Zhangzhou will amass adequate financial resources to develop agriculture and make it a main foreign exchange earner.

Chen Yingguan, a NPC deputy who has just been promoted to the post of mayor of Quanzhou, told XINHUA that Quanzhou City will make full use of the advantages of the city as a home of Overseas Chinese to accelerate the pace of opening.

He revealed that the experience of the town of Shishi in comprehensive reform will be applied citywide and development of land on large tracts will be encouraged in all the eight major districts.

Nanchang Radio on Campaign To Destroy 3 Irons

HK2103081792 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 16 Mar 92

[Commentary by Jiangxi People's Radio reporter: "Dare To Destroy the Three Irons"]

[Excerpts] Since spring set in, the mass campaign to reform enterprises in three respects, which focuses on eradicating the malpractice of allowing everyone to eat from the same big pot and giving everyone an iron rice bowl, an iron armchair, and an iron wage, and features transformation of the enterprise internal operational mechanism has surged forward like a spring flood.

How should the three irons of large and medium enterprises be destroyed? How many difficulties are involved in the work? These questions have recently become hot topics for people in all walks of life.

During the meeting, which opened 13 March, on destroying the three irons of large and medium enterprises provincewide held by the provincial Friendship Association of Press, Enterprises, and Financial Circles, association leading members (Zhou Jinguang) and (Chen Baisheng) held discussions with party committee secretaries and factory directors from the Jiangxi Cotton Textile Printing and Dyeing Mill, Jiangxi Walking Tractor Factory, Nanchang Aircraft Manufacturing Company, Nanchang Canned Beer Factory, General Nanchang Daily-Use Chemical Products Factory, Nanchang Watch Factory, Jiangxi Chemical Fiber Factory, Nanchang Diesel Engine Factory, Jiangxi [words indistinct] Chemical Factory, Nanchang Railway Branch, and

Jiangxi Pharmaceutical Factory as well as comrades from the media, about feasible measures to destroy the three irons.

This reporter profoundly sensed from the common topics of the enterprise and press circles that when a new high tide in reform and opening up is in the offing, large and medium enterprises—as the country's financial pillars—have engaged in hand-to-hand combat with the three irons in turn, [words indistinct]. Of the three irons, the iron armchair constitutes the hardest nut to crack. Many years of reform have made many factory directors realize that only when the enterprise cadres are ready to work both at the top and at the grass roots, workers can be recruited and fired, and the wages can be adjusted upward or downward can transformation of the enterprise operational mechanism be carried out and that only when the iron chairs for cadres are removed can the three irons be really destroyed. [passage omitted]

Removing iron chairs has brought a change to the long-standing situation in which every cadre holds a life-long position and also made the workers feel encouraged, thus arousing their enthusiasm for production. Therefore, in transforming their operational mechanism, many enterprises have concentrated on removing the iron armchair, regarding it as a breakthrough point for the campaign to destroy the three irons.

In the Jiangxi Cotton Textile Printing and Dyeing Mill, one of the six factories provincewide selected for carrying out the experiment in transformation of the enterprise operational mechanism, the authorities worked out measures to [words indistinct] and to deal with problems in offices and in workshops consecutively. The plan for [words indistinct] was first published. [words indistinct] reducing the number of offices by one third. Again the mid-level cadres were reassessed according to the functions of offices. [passage indistinct]

The Nanchang Diesel Engine Factory director said: Leading cadres of enterprises must put themselves in a correct relationship to the reform. The factory director should become a part of the labor contract system.

Destroying the three irons called for dogged determination, tough measures, and iron discipline. We must dare to confront the tough with toughness, dare to force a way out, and dare to run a risk. [passage omitted]

The malpractice of the irons was gradually established over scores of years. It is related to complicated ideological factors and the social basis. Therefore, to destroy the three irons, we must set the greatest determination and steadily push forward the campaign. [passage omitted]

In Jiangxi the campaign to change the enterprises' operational mechanism is now in the ascendant. The momentum is good and the situation is gratifying. However, we should be aware that in some places there is much talk about the campaign but no action. We would be unable to revitalize our enterprises and the economy without destroying the three irons. Many persons of

insight pointed out that destroying the three irons is a project which will affect many other aspects. We must destroy the three irons in enterprises as well as in the whole society. Only when we succeed in changing the government functions and the enterprise operational mechanism can we really destroy the three irons, deepen the reform step by step, and achieve results.

Zhao Zhihao Wants More Foreign-Funded Firms

OW2303072292 Beijing XINHUA in English
0642 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—Governor of east China's coastal Shandong Province Zhao Zhihao is not satisfied with the number of foreign-funded enterprises set up in the province, now numbering 1,700, and is determined to draw on the experience of others and keep its doors wider open to foreign investors.

The governor, attending the current Fifth Annual Session of the Seventh National People's Congress, told XINHUA that Shandong is still lagging behind other coastal regions in south China in attracting foreign investment.

He disclosed that the province has already sent to delegations to Guangdong in south China and Dalian in northeast China to learn their experience.

"We need to further emancipate our minds," he said.

Zhao said that his provincial government has worked out 11 incentive measures to attract foreign investment. These include assigning land use rights in the coastal economic development zones at preferential prices, allowing foreign investors to operate real estate business independently, building export-oriented industrial and technology development zones along the Qingdao-Yantai-Weihai coastal highway and the Jinan-Qingdao road and delegating the project approval power to prefectures and cities.

While continuing to absorb capital from Japan and some European countries, the governor said, Shandong will focus its efforts on developing economic cooperation with South Korea.

Zhao Zhihao said that the province enjoys particular advantages in developing relations with South Korea.

Weihai city, he noted, is only some 90 nautical miles from South Korea and shipping route has already been open.

In addition, 90 percent of the Overseas Chinese in South Korea have their ancestral homes in Shandong. They know thoroughly well the rich resources of Shandong and are eager to invest in their home towns.

The governor said that his provincial government will take the expansion of export-oriented industries as an important strategic measure for developing the local economy.

This year, he noted, the province intends to attract foreign investors into a number of large- and medium-sized projects and efforts will be made to guarantee the operation of at least 30 foreign-funded enterprises each with a foreign investment amounting to 10 million U.S. dollars.

He said that the province will approve more than 1,000 foreign-funded enterprises and strive to use one billion U.S. dollars in foreign investment this year.

According to the province's development plan, total export volume of the province will reach 13 billion U.S. dollars by the end of this century as against only 3.83 billion U.S. dollars in 1991.

In this period, the governor said, the amount of foreign capital used will reach 10 billion U.S. dollars and the number of foreign funded enterprises will reach 15,000.

In addition, he noted, the number of enterprises run by Shandong abroad will increase from the present 60 to more than 300.

There are now 1,700 foreign-funded enterprises in Shandong province and the total amount of foreign capital used over the past 10 years has come to 2.7 billion U.S. dollars.

On Economic Development

OW2203191092 Beijing XINHUA Domestic Service
in Chinese 0042 GMT 22 Mar 92

[By XINHUA Reporter Liu Haimin (0491 3189 3046)]

[Text] Beijing, 22 March (XINHUA)—"Shandong still needs to hasten its pace. We still need effective speed." Deputy Zhao Zhihao, governor of Shandong Province, candidly said these words to this reporter.

Deputy Zhao Zhihao has his own theory: Developing nations rely on development. Without an economic growth which is faster than that of capitalism, one cannot speak of the superiority of socialism. In intense international competition, one can never regain the initiative if one does not speed up economic development and enhance comprehensive national strength. On the issue of development, it is a mistake to rush blindly ahead without the right conditions. But when the foundation and environment gets better, failing to promptly speed up development and missing such an opportunity is similarly a mistake.

Although the economy of Shandong has developed rapidly in recent years, Zhao Zhihao remains unsatisfied. He argued that based on the foundation, resources, sustaining power, and other objective conditions, it is possible for Shandong to develop faster and better in the coming decade than in the last.

The governor added: The target in Shandong's 10-Year Program and Eighth Five-Year Plan is "one high, one low, one up." That is to strive for an economic growth

rate and efficiency which is higher than the national average, a natural population increase rate which is lower than the national average, and an elevation of the overall quality of economic and social development to a new level. We have planned for an average annual growth rate of 7 to 8 percent in the gross national product and national income, and to realize the target of quadrupling the economy by 1997.

Governor Zhao Zhihao said: "That still leaves us some leeway."

"From now on, during the long process of the modernization drive, it is necessary and possible that at some stage development will be faster and efficiency better." In light of these words in Premier Li Peng's government work report, Zhao Zhihao laid down the conditions for Shandong to achieve the new target. In the last decade, the average annual growth rate of Shandong's gross national product, national income, and gross agricultural output value has been in the double digits. If the next decade maintains the momentum of development at 10 percent, Shandong will achieve its target of quadrupling the economy ahead of schedule. On this foundation, it will strive to use roughly another 20 years to attain the level of development in an intermediate developed nation or region of the world.

"Of course, this requires the exploration of new ideas and practicality, and to work hard in a sound manner." Zhao Zhihao also has a clear understanding of the formidability of achieving the target. He pointed out that the new quest for Shandong is to achieve a simultaneous improvement in output value, quality, and efficiency.

Deputies Select New Mayors in Weihai, Jining

SK2203051592 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 21 Mar 92

[Text] The sixth session of the 11th Weihai City People's Congress concluded on 21 March. During the session, the participating deputies elected Wu Longjiang mayor of the city.

The 11th Jining City People's Congress recently held its fifth session during which, the participating deputies elected (Wang Xiuzhi) mayor of the city.

Shandong Man To Die for Attacking Soldiers

HK2303055492 Hong Kong AFP in English 0543 GMT 23 March 92

[Text] Beijing, March 23 (AFP)—A Chinese man has been sentenced to death and three others imprisoned for stabbing and beating People's Liberation Army soldiers, an official legal newspaper reported.

The four men taunted a group of eight new recruits at a park in Linyi, Shandong province, and a melee ensued when one knocked a soldier's cap to the ground, the SHANDONG LEGAL NEWS said in its March 18 edition.

The four stabbed the soldier, beat four of his comrades who tried to stop the attack and threw bricks at two others, according to the newspaper received here Monday.

The incident, which took place February 6, escalated when other park visitors became involved and the attackers injured an unspecified number of them.

The Linyi Prefectural Intermediate People's Court handed a death sentence to Hao Zhenqing for premeditated assault and sent the three others to prison for terms of three, seven and 13 years.

The newspaper did not give a clear motive for the attack or say if the defendants would appeal. It also did not say if they were injured by the soldiers or civilians in the park.

Huang Ju Outlines 1992 Industrial Reform Plans

OW2303022292 Shanghai People's Radio Network in Mandarin 2300 GMT 21 Mar 92

[From the "Morning News" program]

[Text] Speaking at a municipal conference on the work of industrial enterprises yesterday, Mayor Huang Ju said: We must make full use of the good opportunity of reform and opening, emancipate our minds, and work in a down-to-earth manner to create a new situation in Shanghai's industrial development.

Huang Ju urged all enterprises in Shanghai to seek truth from facts in the course of reform and opening to the outside world; proceed from reality in everything they do; dare to charge into the forbidden zone of policy and regulations that are out of keeping with the times [gan yu chuang bu he shi yi de zheng ce fa gui jin qu]; dare to set foot in blind areas where our predecessors have never set foot before; dare to charge into difficult areas where people shrink back at the sight of the complexities; and blaze a new path of economic development for socialist super cities with Chinese characteristics.

Mayor Huang Ju said: To speed up Shanghai's economic development, we must make use of its three strong points: 1) The comprehensiveness of Shanghai's economy; 2) the benefits of being a large city; and 3) Shanghai's opening to the outside world. During the Eighth Five-Year Plan, Pudong is expected to invest 45.5 billion yuan, and the speed of its economic development will notably exceed the region west of Pujiang. The new district will strive to quadruple its 1990 gross national product by the year 2000.

Huang Ju said: The municipal government will support and push enterprises to speed up reform and opening in four different respects. First, we will designate more enterprises to undertake reform, and we will respect the enterprises' creative spirit. We will try to designate more than 50 percent of state-owned enterprises to carry out different types of reform experiments. In addition, we

will encourage enterprises with the necessary conditions to undertake reform at their own expense. Second, we will reform the labor wage and social security systems to support their overall reform. Third, we will intensify propaganda and perfect the legal system to safeguard the reform undertaken by enterprises. Fourth, we will strengthen leadership and implement the various policies for state-owned large- and medium-sized enterprises.

In his speech, Huang Ju particularly stressed the need to enhance the sense of quality and quality control. He said: Quality is Shanghai's lifeline. Shanghai's product quality has improved in recent years. However, the improvement was not great enough. Recently, the Central People's Television Station exposed the poor quality of some of Shanghai's products. We must have a correct attitude toward this exposure. We must draw a lesson from it and set strict demands on ourselves. We must conduct investigations and affix the responsibility for the poor product quality. We must hold the principal leaders accountable for the poor product quality if it is caused by mismanagement. We must duly mete out punishment and replace those who need to be replaced. We must eliminate fake and substandard commodities. We must not only discipline the responsible production departments but also the sales departments. Those who are responsible for harming the lives and health of the people shall be punished in accordance with the law.

Huang Ju concluded: Industrial enterprises should make progress this year not only in material civilization but also in spiritual civilization. They must be successful in both fields.

Reviews Development Targets

OW2303100892 Beijing XINHUA in English
0902 GMT 23 Mar 92

[Text] Shanghai, March 23 (XINHUA)—Shanghai's Mayor Huang Ju announced Saturday that the city will ensure that this year's economic development rate is higher than six percent, in contrast to its former target which was set between five percent and six percent.

He said that Shanghai, the leading manufacturing center in China, has always stressed a stable and calm economic growth. He said that its development should pick up speed in the years to come.

He said that the whole development plan for the Eighth and Ninth Five-Year Plan periods (1991-1995 and 1996-2000) will also be readjusted in the light of the new economic situation.

In the past decade Shanghai's average economic development speed stood at 7.2 percent annually.

Yet it is still lower than the country's average, which was 10 percent, not to mention the development speed of Guangdong Province and some other provinces and cities.

The mayor said that in the next 10 years the city will make full use of its comprehensive economic advantages and the preferential policies granted by the central government to accelerate its economic development.

He said that stress will be put on the following three aspects:

—Readjusting the economic structure and coordinating development aspects.

In the 1990s the city will make a strategic readjustment of its industrial structure and raise the proportion of tertiary industry from the present 30 percent to 35 percent by the year 1995, and to 42-to-45 percent by the end of this century.

The proportion of new and hi-tech industries will be raised from the present two percent to five percent in the next five years and new backbone industries including the automobile, integrated machinery and electronics industries and the fine chemical industry will be increased from the present 20 percent to 30 percent.

—The distribution of industries will be rationalized in order to achieve the best economic results.

The city plans to move factories, storehouses and some other institutions out of the downtown area, which is targeted for development into a prosperous financial, trade and commercial center.

The municipal government will see to the proper and the most effective use of land resources, including the land in the suburban areas.

—With the development of the Pudong New Area, the city will speed up its process of reform and opening to the outside world.

During the Eighth Five-Year Plan period a total of 45.5 billion yuan will be injected into Pudong. It is expected that during the following three years, some 1,000 foreign-funded firms, 1,000 domestic enterprises and 1,000 trade and commercial institutions will be approved to be set up in the area.

The city is ambitious to have its GNP doubled in the next five years on the basis of the 1990 figure, and quadrupled by the end of this century, according to the mayor.

In the coming years, the city will stress economic efficiency and building up an export-oriented economy.

Huang said that so far this year, the signs are promising. The industrial production in the first two months of this year increased by 20.7 percent over the same period last year, the highest growth for the past dozen years.

Central-South Region

Zhu Senlin To Take Bigger Reform, Opening Steps

OW2103155392 Beijing XINHUA in English
1434 GMT 21 Mar 92

[Text] Beijing, March 21 (XINHUA)—South China's Guangdong Province will take bigger steps in reform and opening to the outside world, along with "bolder exploration and further emancipation of the mind," Guangdong Governor Zhu Senlin said here today.

Speaking at a press conference this afternoon, Zhu said the province will deepen the reform of transforming the operational mechanism of enterprises, pushing them onto the market and invigorate enterprises run by the state.

With all-round implementation of the law on enterprises, he said, the overwhelming majority of the enterprises will be run entirely in line with market demand and economic returns. Thus, they will gradually develop a mechanism of "independent management, self-development, self-restraint" and be responsible for their own profits and losses.

Those poorly-run enterprises, which drop out of competition, should be switched to other lines of production, merged with other businesses or declared bankrupt according to relevant laws, he said.

State-run and collective-owned enterprises currently account for 73 percent and are playing a leading role in the provincial economy, he said.

Without large- and medium-sized state-run enterprises, the national economy would lack the "mainstay and backbones," he said.

While over 80 percent of commodity prices are regulated by the market in Guangdong, Zhu said, the province will step up reforms concerning the pricing and distribution systems, he said.

Also, the province will push ahead with financial reforms, focusing on the expansion of money market, direct accommodation, experimentation of the shareholding system in enterprises, better utilization of the stock exchange in Shenzhen, he said. The province will increase various types of financial institutions, including agencies of foreign banks.

Meanwhile, 17 measures have been worked out to open the province wider to the outside world, the governor said.

Those include an extension of open areas and greater openness of its inner and mountainous areas, so as to turn Guangdong into an open province as a whole, he said.

In the forefront open areas, opening levels are to be raised, with Shantou, Shenzhen and Zhuhai to be built

into technologically advanced, comprehensive and multi-functional special economic zones, he said.

The Pearl River Delta will pace up the construction of the three development zones of high and new technology and strive to become "an attractive, vigorous and competitive" economic zone in the Asia-Pacific region, he said.

The province will actively expand economic and trade relations with foreign countries or regions, along with efforts to cement such ties with Hong Kong and Macao, he said.

For better economic cooperation with Hong Kong, the province will make efforts to ensure convenience in communications and customs service, he said.

In the Eighth Five-Year Plan period (1991-95), he said, the province plans to use over 10 billion U.S. dollars of overseas funds. Currently, there are more than 16,000 registered overseas-funded enterprises in the province, he said.

In order to further improve the local investment environment, a total of over 30 billion yuan will be invested in the electric power sector, and over 16 billion yuan in communications and tele-communications, he said.

Cheng Kejie Inspects Pingxiang City 13-15 Mar

HK2303045592 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 17 Mar 92

[Excerpts] The regional people's government leaders conscientiously transformed their work style by going deep into Pingxiang City where they convened an on-the-spot work meeting.

Following the normalization of Sino-Vietnamese relations, Pingxiang City has been offered an excellent opportunity to promote economic development and expand opening up to the outside world. [passage omitted]

From 13 to 15 March, Cheng Kejie, regional party committee deputy secretary and regional people's government chairman, Chen Ren, regional people's government vice chairman, as well as regional people's government advisor Liang Chengye led principal leaders of various regional commissions, offices, departments, bureaus, railroad and financial departments concerned and principal leaders of the Nanning prefectural party committee and the Nanning prefectural administrative office to go deep into Pingxiang City where they convened an on-the-spot work meeting at which they listened to reports by leaders of the Pingxiang City party committee and Pingxiang City Government on their tentative plans for opening up, implementing preferential policies, and upgrading urban construction. [passage omitted]

On the afternoon of 13 March, accompanied by leaders of various regional, prefectural, and city departments

concerned, Chairman Cheng Kejie, Vice Chairman Chen Ren, and advisor Liang Chengye arrived at Friendship Township where they planted trees and inspected the Friendship Port. They listened to reports on and examined preparatory work concerning the new port and decided on a date for officially opening the port. [passage omitted]

Li Changchun Addresses Committee Plenary Session

HK2003125492 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 15 Mar 92

[Text] The two-day Fourth Plenary Session of the 15th Henan Provincial CPC Committee wound up in Zhengzhou yesterday afternoon.

Li Changchun, provincial party committee deputy secretary, presided over the closing session at which provincial party committee Secretary Hou Zongbin delivered an important speech entitled: "Emancipate Minds, Grasp Opportunities, Expedite Reform, Push Ahead With Opening Up."

Wu Jichuan, provincial party committee deputy secretary; Song Zhaosu, Liu Guangxiang, Wu Guangxian, Yu Youxian, Song Guocheng, and Hu Tiyan, provincial party committee standing committee members; as well as provincial party committee members and alternate members attended the closing session.

Provincial advisory committee members, provincial discipline inspection commission members, and provincial people's congress, government, and Chinese People's Political Consultative Conference Committee CPC-member leading comrades as well as various city and prefectural party committee secretaries, city mayors, prefectural commissioners, and principal party committee leaders from various units and departments directly under the provincial authorities also attended the closing session as nonvoting delegates.

The comrades attending the closing session conscientiously studied Comrade Deng Xiaoping's proposition on building socialism with salient Chinese characteristics and the spirit of a recently concluded CPC Central Committee Political Bureau plenary session, and unfolded heated discussions on a speech delivered by Comrade Hou Zongbin, provincial party committee secretary, at the current plenary session.

Hou Zongbin expounded on the following four questions in his speech:

1. To acquire a clear understanding of situations, grasp opportunities, and enhance a sense of urgency and a sense of mission in furthering reform and opening up.
2. To further emancipate minds, transform concepts, and strengthen a concept of reform and opening up.
3. To deepen, expedite, and make new breakthroughs in reform and opening up.

4. To adhere to a principle of simultaneously grasping two aspects and create a favorable environment for reform and opening up.

Hou Zongbin stated: At present, the nationwide economic construction is proceeding at an accelerated pace toward the second-stage strategic goal. Another tide of reform is soon to arrive. Now our province is under the pressure from coastal areas, border areas, and areas along the Chang Jiang and from east, west, south, and north. This has indeed posed a new challenge to Henan. The party organizations at all levels and the broad masses of party members and cadres across the province must display a strong sense of urgency and a strong sense of mission, adhere to a guiding ideology advanced by the provincial party committee of further emancipating minds, becoming bolder, quickening pace, and achieving better results, and strive push ahead with the provincial reform, opening up, and economic construction with a faster tempo. Why have we lagged behind the whole country in some areas? This is mainly because we lack a strong sense of reform and opening up and have yet to thoroughly break through the shackles of the Leftist ideology and the old small-scale peasant economic concept. Therefore, we must unleash a provincewide ideological emancipation and mobilization campaign with an eye on reality and firmly establishing such a guiding ideology as adhering economic construction as the center. We must appraise policies, judge things, and guide actions by seeing whether or not they are conducive to social productive forces development and a comprehensive national strength enhancement and a people's livelihood improvement in a socialist country. We must not mechanically carry out work according to books or instructions from higher authorities. Rather we must do everything by proceeding from actual conditions, be brave in carrying out explorations and pioneering work, and bravely take the lead in finding a new road toward reform and opening up.

Speaking of deepening, expediting, and making new breakthroughs in reform and opening up, Hou Zongbin called for redoubled efforts in the following seven aspects: To smash the three irons [iron ricebowl, iron-clad wages, and iron armchair (lifelong tenure)]; implement six types of independent decisionmaking power; shift enterprise operative mechanism; develop socialized service system and build all types of service entities in rural areas; implement four relaxations, shift operative mechanism of commercial enterprises, and invite and give play to the role of qualified scientific and technological personnel; invigorate funds, expand avenues for funds coordination, and orient production to international markets and opening up to the outside world; and transform government functions and strengthen service functions.

Hou Zongbin concluded: Along with in-depth and expanded reform and opening up, we must further step up party building, ensure smooth implementation of general reform and opening up principles and policies, boldly select and promote young cadres who stick to

reform and opening up and are politically trustworthy to leading posts at all levels. In the meantime, we must step up propaganda on reform and opening up, crack down on all types of criminal activities, and create a favorable public opinion environment and a fine social order for speeding up the pace of reform and opening up.

The closing session also discussed and decided on a tentative namelist of provincial deputies to the forthcoming 14th CPC National Congress and adopted a decision on the convocation of the Henan Provincial CPC Congress.

Guan Guangfu on Party Building in Enterprises

HK2303104892 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 13 Mar 92

[Text] Yesterday morning, provincial CPC Committee held in Wuchang's (Hongshan) Auditorium a provincial forum on 10 model units in enterprise party building. Leading comrades including Guan Guangfu, Chen Ming, Zheng Yunfei, Zhong Shuqiao, and others cordially held a discussion with representatives from the 10 model units. In light of reports made by attendees and questions raised by them, Comrade Guan Guangfu spoke at the forum. He said: The 10 model enterprises selected by the provincial CPC Committee are vanguards in reform of the whole province. In reform, they have successfully explored a way for development. Their most fundamental and important experience is that they can comprehensively understand and implement the party's basic line of one center and two basic points closely in light of their own practical conditions.

Comrade Guan Guangfu pointed out: Learning from the above-mentioned 10 model enterprises, we should do as they have done to take a firm hold on economic construction. In the course of economic construction, they are good at seizing a good opportunity and bold in scaling new heights. We should do as what they have done: to further emancipate our minds, and make a still greater step in reform and opening up. We should do as they have done to shift to the tract of relying on scientific and technical progress to increase economic results. We should enhance our sense of management and promote our management level. We should do as they have done to truly strengthen the building of leading groups in enterprises, and grasp the building of the two civilizations well, so those leading groups can become firm and strong collectives full of combat effectiveness and rallying power.

In his speech, Guan Guangfu also stressed: At present, our enterprises are facing a new situation of reform and opening up. Enterprise reforms must unprecedentedly develop in both scope and intensity. Party organizations in enterprises must overcome the idea of inertia, and take the work of running well enterprises as their political task. They must be subordinate to and serve reform, and participate in reform and decisionmaking to ensure smooth progress in various kinds of reforms. It is necessary to strengthen the ideological work style of leading

groups. On the basis of strengthening party spirit, we should promote unity and cooperation between the party and government administration. In the course of running enterprises well, we should enhance our rallying power. We should constantly carry out party activities around enterprises' production and operations, and push the broad masses of party members and cadres in enterprises to the main arena of reform and opening up, so they can experience trials and temper themselves.

In conclusion, Guan Guangfu hoped that the 10 model units would set a higher demand on themselves to expedite and widen the pace of reform to bring along enterprises of the whole province to march courageously in the new march.

Meets NPC, CPPCC Deputies

HK2003120192 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 16 Mar 92

[Text] Hubei's 100-odd deputies due to attend the Fifth Session of the Seventh National People's Congress [NPC] left Wuhan for Beijing today.

Earlier, provincial party and government leaders Guan Guangfu [provincial party committee secretary], Guo Shuyan [governor], Qian Yunlu, Zhong Shuqiao, Li Daqiang, et al met with the deputies at the Wuchang (Hongshan) Guest House.

Guan Guangfu said: The Fifth Session of the Seventh NPC is an important meeting to be called at a time when China's socialist construction is entering a crucial stage. The session will adopt important resolutions on further deepening reform and opening wider to the outside world. At the same time it will make decisions on the Three-Gorges project, which attracts worldwide attention. You have a difficult and glorious task facing you. I hope you will make earnest efforts to make the session successful and make more contributions in helping Hubei seize the opportunity to push forward its economy by integrating the session's spirit with Hubei's actual conditions and by actively participating in and discussing political and state affairs.

Vice Governor Li Daqiang briefed the deputies on the situation of economic construction and social development in Hubei.

Yesterday Guan Guangfu, Qian Yunlu, Li Daqiang, et al called on Hubei's deputies who were to attend the Fifth Session of the Seventh Chinese People's Political Consultative Conference National Committee.

Guo Shuyan Addresses Rural Enterprises Meeting

HK2003120092 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 16 Mar 92

[Excerpts] The provincial conference on township and town enterprises came to a successful conclusion on 14 March.

During the meeting, representatives from various parts of the province studied speeches delivered by leading comrades of the central authorities, drew on each other's experience in developing township and town enterprises, and discussed the policies and measures for developing township and town enterprises introduced by the provincial government. [passage omitted]

On 13 March, provincial party committee Secretary Guan Guangfu attended the meeting and had an informal discussion with the representatives. He advanced important opinions on developing Hubei's township and town enterprises. [passage omitted]

Governor Guo Shuyan made an important speech toward the end of the meeting. He further emphasized: It is necessary to emancipate the mind and throw convention to the wind to speed up reform and opening so that Hubei's township and town enterprises will scale a new height.

Guo Shuyan called on participants to gain a correct understanding of the historical mission of township and town enterprises in the 1990's and further enhance their sense of urgency toward developing township and town enterprises.

He said: Leaders at all levels and all departments including the department in charge of township and town enterprises should enhance their awareness of reform and opening and widen their horizons in developing township and town enterprises.

1. We must rely upon existing resources to add value to agricultural products. It is necessary to exploit Hubei's advantages in resources of agricultural products, mountains and water, and minerals and try to make a success of coordinated development projects in line with local conditions to form an agricultural-industrial-commercial complex; to make growing, breeding, and processing a coordinated process; to build an integrated system for procurement of supplies, production, and marketing; and to add as much value as possible to agricultural products.

2. We must rely upon scientific research institutes and colleges and universities to develop the economy through application of science and technology. From now on, the departments concerned must take measures to encourage institutions of higher learning and scientific research institutes to transfer their scientific and technological achievements to township and town enterprises and grant a special status to transferee enterprises with respect to taxation. Some township and town enterprises can cooperate with scientific research institutes in running factories. [passage omitted]

3. State-owned large and medium enterprises and township and town enterprises should form a economic combination and organize cooperation. State-owned large and medium enterprises in Hubei have fairly ample resources at command. Departments concerned should

organize them to support township and town enterprises in terms of technology, professionals, and managerial expertise. [passage omitted]

4. Township and town enterprises should rely upon foreign trade organs to develop an export-led economy. Since the Seventh Five-Year Plan, some of Hubei's township and town enterprises have become bases for exporting commodities to earn foreign exchange. They set up a number of new enterprises by borrowing foreign funds through various channels and a number of enterprises that engage in three forms of import processing and compensation trade. However, they have a long way to go as compared with enterprises in coastal areas. We should broaden our horizons and grant more preferential policies; especially in those small open and development areas which were set up with the provincial government's approval we should carry out more preferential policies. In attracting foreign businessmen to run factories, we should not be afraid that they make money. Neither should we care about they are capitalist or socialist in nature. So long as the factories are beneficial to us and can promote production, we should develop such factories in a big way. [passage omitted]

5. We should further deepen reform and enthusiastically and reliably introduce the shareholding system. [passage omitted]

Township and town enterprise should actively join the group of enterprises with state-owned enterprises as the mainstay. [passage omitted]

Southwest Region

Guizhou Governor on Social Order Harnessing Work

HK2303071892 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 17 Mar 92

[Text] A provincial comprehensive social order harnessing and political and legal affairs work conference was convened in Guiyang yesterday.

Leaders of various provincial organs, prefectures, autonomous prefectures, and cities as well as persons in charge of various departments concerned attended the conference.

The conference relayed the spirit of some relevant documents issued by the CPC Central Committee and the spirit of a national political and legal affairs work conference.

Provincial Governor Wang Chaowen delivered a speech at the conference, in which he emphasized the following points:

1. Conscientiously study and acquire an in-depth understanding of a series of important propositions by Comrade Deng Xiaoping on building socialism with salient Chinese characteristics, formulate a clear-cut guiding ideology for comprehensive social order harnessing and

political and legal affairs work, resolutely implement the principle of simultaneously grasping reform and cracking down on economic crimes, and gear political and legal affairs work to serving economic work.

2. Adhere to the guiding ideology that gives overriding priority to maintaining stability, constantly attach great importance to social order maintenance work, and strive to maintain social stability in a down-to-earth manner.

3. Grasp key aspects, step up implementation, and vigorously push ahead with comprehensive social order harnessing work. To this end, leaders of all departments and at all levels must firmly strive to deepen understanding in this regard.

4. Strive for a comprehensive and qualitative improvement of political and legal affairs workers and perform more feats for people under the new circumstances.

Wang Chaowen stated: The situations and tasks confronting us have raised higher requirements on our political and legal workers. We must build a stronger contingent of political and legal affairs workers.

Wang Chaowen emphatically asserted: We must adhere to the party's basic line, work in a down-to-earth manner, and make greater contributions to maintaining social stability, ensuring a smooth process in Guizhou's reform and opening up, and promoting Guizhou's development as well as Guizhou's peoples' prosperity.

Governor Says Sichuan To Open Resources, Market

OW2203133292 Beijing XINHUA in English
1226 GMT 22 Mar 92

[Text] Beijing, March 22 (XINHUA)—Southwest China's Sichuan Province plans to open its natural resources and market to the outside world in a bid to absorb foreign funds and advanced technology, Governor of the Province Zhang Haoru said here today.

Inland provinces like Sichuan must step up opening to the outside in order to narrow its gap with the coastal areas where great progress has been made over the past 13 years, said Zhang, who is here attending the annual session of the Chinese National People's Congress (NPC).

Zhang said as an inland province Sichuan must blaze its own road rather than copying the experience in the opening up of the coastal areas and the provinces and autonomous regions bordering other countries.

He said the province will enhance cooperation with coastal and border regions in an endeavor which he described as "borrowing ships to sail out to sea and borrowing paths to neighboring countries."

Despite difficulties in communications and in getting information, Sichuan has advantages of its own, the governor said.

Sichuan is rich in natural resources, he said. Its hydroelectricity generating capacity is estimated at 91.66 million kilowatts, or 24 per cent of the country's total in this regard.

Of the 150 varieties of minerals discovered in China, Sichuan has 123 kinds, with the reserves of 35 minerals ranking from the first to the fourth places in the country, he said. Its reserves of vanadium, titanium, magnet, natural gas, lead, zinc and some nonmetal ores are particularly remarkable in the country.

They are far from being fully exploited because of shortages of funds, he said.

The province, where a major part of the country's researchers and engineers in the nuclear, aviation, space and electronics industries have gathered, has ideal technical facilities and a strong capability for exploitation, he added.

In addition, the governor said, Sichuan has ample and cheap labor resources and provides a big market with its population of over a hundred million.

The governor said that last year, an Australian company invested in the province to open up a lead-zinc mine in the Yi nationality autonomous prefecture of Liangshan.

This year the province is preparing to undertake more ventures with foreign partners to accelerate absorbing foreign funds and technology, he said. Meanwhile, it will open its market to the outside world.

The governor said that over the past few years the province has set up more than 400 enterprises in Shenzhen and Hainan Special Economic Zones, which have promoted the province's export.

He said, the annual export value of Sichuan Province has reached 1.32 billion U.S. dollars as compared with about 600 million U.S. dollars four years ago.

The governor said that while further enhancing cooperation with coastal regions, the province will cooperate with Heilongjiang Province and Xinjiang Uygur Autonomous Region in using the Euro-Asian Continental Bridge so as to enter the markets in the Eastern Europe, the Commonwealth of Independent States, Central Asia and the Middle East.

He said that the province will also join efforts with Yunnan Province and Guangxi Zhuang Autonomous Region to develop trade relations with the countries in Southeast Asia and South Asia.

Tibet CPC Standing Committee Studies Deng Talk

OW2103142392 Lhasa Tibet Television Network
in Mandarin 1230 GMT 20 Mar 92

[From the "Tibet News" program]

[Text] The Standing Committee of the Tibet Regional CPC Committee held an enlarged meeting from 18 to 19

March to seriously study and discuss Comrade Deng Xiaoping's important theses on building socialism with Chinese characteristics.

The meeting was presided over by Chen Kuiyuan, deputy secretary of the regional party committee.

The meeting held that Comrade Deng Xiaoping's talks are programmatic documents that provide theory and an ideological weapon for building socialism with Chinese characteristics. The meeting called on party members throughout the region, especially leading cadres, to seriously study Comrade Deng Xiaoping's talks and fully and correctly grasp the contents and penetratingly understand the essence of his talks so as to wholly raise their consciousness and to correctly implement the party's basic line.

The meeting emphatically pointed out that it is imperative to firmly implement the party's basic line of one center and two basic points, proceed from the reality of Tibet, grasp the present opportune time, speed up the pace of reform and opening up to the outside world, grasp economic construction on one hand and struggle against splittism on the other hand, and promote socialist construction in Tibet.

'Roundup' Reports on Reform, Construction in Tibet

HK2303102492 Beijing ZHONGGUO XINWEN SHE
in Chinese 0905 GMT 12 Mar 92

["Roundup" by Dai Yaping (2071 0068 1627)]

[Text] Beijing, 12 March (ZHONGGUO XINWEN SHE)—At the beginning of the new year, like other parts of the country, a spring tide of reform is sweeping the Tibet Autonomous Region, which is located in southwest China. XIZANG RIBAO [TIBET DAILY] reprinted RENMIN RIBAO's editorials "Be More Daring in Carrying Out Reform and Opening Up" and "Better Adhere To Taking Economic Construction as the Center." The Third Session of the Fourth Tibet Autonomous Regional CPC Committee, which recently concluded, floated to the outside world the following signal: Further deepening reforms in the agricultural and pastoral areas; accelerating the building of a united [tuan jie 0957 4814], prosperous, and civilized New Tibet, and comprehensively achieving the grand goals of Tibet's Eighth Five-Year Plan and 10-Year Program.

The central authorities have paid close attention to Tibet's reform, opening up, and development and so have the people of all nationalities throughout the country.

Because of Tibet's unique geographical and climatic conditions and historical reasons, there are unique laws governing its economic development. The central authorities have granted Tibet a special and preferential policy under which agricultural and animal husbandry taxes are exempted and no assigned procurement of agricultural and animal husbandry products is required

within a certain period of time. On behalf of the State Council, in Tibet in 1985, Li Peng announced: To develop Tibet's economy, it is necessary to adhere to the policy of opening up to other parts of the country and the outside world and make sure that "the ownership of domestic animals by the household, the ownership of domestic animals by private stock breeders, and independent management will remain unchanged for a long time" and that "the use of land by the household and independent management will remain unchanged for a long time."

Tibet's economic base decides the policy of combining animal husbandry and agriculture with the former as the dominant factor and developing commodity production by suiting measures to local conditions and diversifying operations. In the last few years, this strategy for economic development has turned out to be a success in Tibet. Last year, Tibet ushered in its fourth bumper harvest year. The output of grain was 580 million kilograms, up 4.5 percent over the previous year; that of meat, 95 million kg, up 2 percent; that of milk, 8.5 billion kg, up 2.2 percent, and that of sheep's wool was 850,000 kg.

Tibet has now given priority to the development of the national handicraft, food processing, wool spinning, leather, forestry, construction materials, and medicine processing industries. This is a development strategy commensurate with real local conditions. Last year, Tibet's industrial output value totaled 403.2 million yuan, up 7.2 percent over the preceding year. The output of cement was 135,000 tonnes or surpassing the plan by 3.8 percentage points and that of electricity was 345 million kilowatt-hours or an increase of 9.5 percent in production. Considerable progress was made in various economic indexes.

Bordering on India, Nepal, Bhutan, and Burma, Tibet has superior conditions for opening up to the outside world. The region has opened Zhangmu, Jilong, Pulan, and other ports and 27 border trading markets. Tibet has set up an office in Shenzhen. Tibet's unique carpets, sheep's wool, fine wool, and medicinal materials sell well in overseas markets. In the past year alone, 30,000 square inches of Tibetan carpets were sold in the United States. With the improvement of transport facilities, there will be a new leap in Tibet's economic contacts with the outside world.

Last year, the Tibet Autonomous Region worked out a plan to set up four major economic zones, including the central comprehensive economic zone centering on Lhasa and Xigaze, the eastern mining-light-industry-forestry economic zone centering on Linzhi and Changdu, the western border trade economic zone centering on Ali, and the northern animal husbandry economic zone centering on Naqu. The Tibet Autonomous Regional Government regards the four economic zones as the new starting point of the snow plateau building.

The 19 key development projects designed to lay a solid foundation for Tibet's economic takeoff, which take 3.8 billion yuan in investment by the central government, are in full swing across Tibet. After the completion of the "Yangluzangbu Jiang, the Lhasa He, and Nyang Qu," the valley of these three rivers will become Tibet's grain, industrial, and scientific and technological base. When the 800-million-yuan Yangzhuoyong Hu Pumped Storage Power Station is completed, it will supply Lhasa with 200 million kilowatt hours of electricity. The construction of expanded projects at the Gonggar Airport for the taking off and landing of Boeing-747 passenger planes was completed last year. Construction is in progress on the large Luobusha cromite, the repair project of the Qinghai-Tibet-Sichuan Road, the Lhasa Postal Service Center, the Radio and Television Center, large libraries, and other projects.

Together with other provinces, municipalities, and autonomous regions, all members of the big family of the motherland, Tibet, which is amid the great tide of reform, opening up, development, and construction, is advancing toward tomorrow.

Yunnan Procurator on 1991 Achievements, 1992 Tasks

HK2303072492 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 16 Mar 92

[Text] Li Linge, chief procurator of the provincial people's procuratorate, said at the fifth session of the seventh provincial people's congress: Since the fourth session of the seventh provincial people's congress, people's procuratorates at all levels across the province, under the leadership of the provincial party committee and the supreme people's procuratorate, under the supervision of the people's congresses at all levels, and with the support of governments at all levels, have placed a firm grip on the two key campaigns to combat corruption and bribery and to crack down on administrative and criminal offenses, making due contributions to safeguarding and promoting economic development.

In 1991, police offices at all levels across the province made concentrated efforts to intensify the struggle against corruption and bribery and investigated and acted on major and important cases, thus preserving the struggle's favorable momentum.

Over the last year we mainly grasped the following tasks:

1. Deepening our understanding of the situation to further adopt the idea that procuratorial work must serve economic construction;
2. Concentrating on the key tasks and taking necessary measures to constantly deepen the struggle against corruption and bribery; and,
3. Correctly enforcing policies and laws and constantly improving work quality.

In 1991, procuratorial organs across the province gave full play to their role as the dictatorship's tools and persisted in carrying out the principle of dealing heavy

and quick blows at criminals. In close cooperation with public security forces, courts, and other relevant departments, they cracked down on serious criminal activities. The jobs done mainly were:

1. Made key targets for attack stand out;
2. Took an active part in the antidrug struggle and resolutely cracking down on criminal drug-related activities;
3. Took an active part in the province-wide unified operations to crack down on and guard against criminal activities and the struggle against theft; and,
4. Strengthened supervision over examination of various cases and administration of justice.

Li Linge continued: The procuratorial organs' main tasks in 1992 are: Continue to follow the party's basic line, which stresses the central task of economic activity and adherence to two basic points, give full play to procuratorial functions with a view to maintaining social stability and developing the economy; truly exercise supervision over enforcement of the laws and discipline; continue the struggle against corruption and bribery; continue to deal heavy and quick blows to criminals and hostile elements who seriously endanger social order and state security; improve public security in a comprehensive way; improve ideological and political work; strengthen the building of the police contingent; and work hard to ensure that the socialist construction will proceed smoothly.

North Region

Beijing To Pick Firms To Lead Area Development

OW2303100292 Beijing XINHUA in English
0737 GMT 23 Mar 92

[Text] Beijing, March 23 (XINHUA)—Beijing will choose 30 enterprises in major industries to lead the way for scientific and technological development in the capital.

Beijing has established more than 200 integrated complexes of scientific and technological research and production, and 21 Sino-foreign joint ventures in science and technology, while the capital's academic institutes have set up 55 enterprises themselves.

In order to further promote the integration of science and technology into economy, Beijing has organized experts from academic institutes and universities to give consultations about the readjustment of products structure in the state large- and medium-sized enterprises, as well as to help the enterprises establish complete technological development organizations.

At the same time, state-run large- and medium-sized enterprises are seeking technological partners from the scientific and technological research institutes and universities.

The 30 enterprises chosen will be given preferential support for scientific and technological development and co-operation, and personnel training.

Reform Brings Prosperity to Inner Mongolia

OW2303093492 Beijing XINHUA in English
0840 GMT 23 Mar 92

[Text] Hohhot, March 23 (XINHUA)—Turigen Bayar, a herdsman of the Mongolian nationality, only had 150 animals when he first contracted 1,000 ha of grassland in 1983, but now he has more than 1,200 domestic animals and can sell some 400 animals each year.

He said before China's household-based system of contracted responsibility was started out in Inner Mongolia in 1983, his family only owned two yurts and some manually-operated machinery.

Now the family owns a tractor, four mowing machines and two wind-powered generators, as well as a TV set, tape-recorder, washing machine and other household electrical appliances. The annual income of his family exceeds 50,000 yuan.

Bayar's oldest son is a driver and also repairs farming machines; the second son is a veterinarian and the youngest helps Bayar with the animals.

Contracted pastureland like Bayar's reaches some 1,000 ha in the Xilin Gol League (County) alone, where Bayar lives.

Harifu, an expert on animal husbandry, said that the household-based system of contracted responsibility has put an end to the nomadic life of herdsmen in Inner Mongolia and greatly aroused the enthusiasm of herdsmen to develop more.

Inner Mongolia, one of the five main pastoral areas in China, has more than 66 million ha of pastureland. The number of domestic animals has reached more than 50 million head, an increase of some 10 million over ten years ago. The average annual income of herdsmen per capita has reached 900 yuan this year, a threefold increase compared with only a few years ago.

Bayar said that he has invested more than 100,000 yuan in the development of his pastureland. He dug some wells and sowed fine-breed forage grass. Last year he sold more than 400,000 kg of forage grass.

During the past 10 years the herdsmen in Inner Mongolia have raised more than 200 million yuan to develop grazing land—three times as much as that invested by the central and local governments.

According to statistics from the regional government, the industrial output value in the 24 livestock-raising counties in the region reached 1 billion yuan last year, which covered more than 50 percent of the total output value of industry and agriculture. Transportation and communications facilities have also improved a great deal.

Harifu said in a bid to standardize the use and development of the pastureland, Inner Mongolia has started to carry out a new system in some areas, under which herdsmen need to determine a reasonable land-use fee based upon a sustainable ratio of livestock per ha for any specific plot.

So far, the system is operating on about one-fourth of the pastureland in Inner Mongolia, and some 5.7 million yuan in fees for land use has been collected.

Inner Mongolia has also conducted reform of the livestock purchasing and distribution system in a bid to promote the development of animal husbandry. The regional government has lifted the ceiling on most of the prices of livestock products.

The regional government is making efforts to provide services to the herdsmen, including the supply of free strains and feed, prevention and control of epidemic diseases among animals and technical training.

Chifeng city in the region took the lead in reforming the purchasing and distribution system of livestock products. The herdsmen in the city sold a record 500,000 head of livestock last year, bringing in an income of 40 million yuan.

Tianjin Promotes Foreign Economic Ties, Trade

OW2103155292 Beijing XINHUA in English
1459 GMT 21 Mar 92

[Text] Tianjin, March 21 (XINHUA)—Tianjin city has speeded up its development of foreign economic relations and trade by opening further to the outside world.

According to statistics provided by the municipal Foreign Economic Relations and Trade Commission, in the first two months of this year the export value of the city reached 235 million U.S. dollars, 5.1 percent more than in the same period last year.

Also in the first two months, 85 more Sino-foreign joint ventures were given permission to be set up in the city—88.9 percent more than the same period last year. In addition, 89.16 million U.S. dollars of investment was introduced in the same period, the number is three times higher than the same period last year.

So far, Tianjin has more than 1,000 Sino-foreign joint ventures.

Among the newly granted joint ventures, a number of high-technology projects with large sums of investment will promote the city's adjustment of the mix of industrial products. They include mobile telephones and integrated circuits.

The city has also made progress in attracting foreign investment to its free trade zone, which became operational last October. So far, 20 ventures have been set up

there and the registered capital has reached 36.21 million U.S. dollars. They include 14 ventures with foreign investment.

At the same time, Tianjin has also made a breakthrough in promoting export of labor services. The contracted value of local labor services came to 81.67 million U.S. dollars in the first two months this year, six times the figure for the same period last year.

Tianjin Increases Yearly Technology Exports

OW2303110892 Beijing XINHUA in English
1040 GMT 23 Mar 92

[Text] Tianjin, March 23 (XINHUA)—Technology export volume of Tianjin Municipality in 1991 increased to 30.36 million U.S. dollars, a 56.7 percent increase over 1990.

Tianjin has over 300 science and technology research centers and institutes, with over 2,000 patent licenses.

The municipal government exported 11 projects of patent technology last year and 69 so far this year, with another 200 projects still pending.

The exports include multiple-use container vessels to Bangladesh and contraception medical technology to Germany.

Tianjin Overseas-Funded Firms Receive Tax Break

OW2303093692 Beijing XINHUA in English
0859 GMT 23 Mar 92

[Text] Tianjin, March 23 (XINHUA)—A local official in charge of foreign trade of Tianjin Municipality announced a new preferential tax treatment for local overseas-funded enterprises.

He says that all overseas-funded enterprises engaged in manufacture in Tianjin will enjoy exemption from local income tax from January 1, 1991.

As for the overseas-funded enterprises in service fields, he says that those which are set up in the Tianjin Economy and Technology Development Zone by the end of 1993 are also exempt from local income tax; those established after 1993 will pay a three percent local income tax.

The official also said that all overseas-funded high-tech enterprises located in the Tianjin Port bonded area and the new technology industrial zone will also be exempt from local income tax. Manufacturing enterprises outside these two zones and which have a contract of over 10 years will also be exempt from local income tax in the period, but non-manufacturing overseas-funded enterprises will pay a three percent local income tax.

Northeast Region

Heilongjiang Firm Set for Barter With Russia

SK2303022892 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 21 Mar 92

[Text] Our province's first telecommunications, economic, and trade joint company was established in Heihe. This company is mainly aimed at conducting barter trade with the Russian Federation, selling barter trade commodities, undertaking telecommunications projects, as well as dealing with economic and technological cooperation, and labor service cooperation business. The nearly 1,000 varieties of exquisite and unique telephones purchased from domestic and foreign markets have now generated great interest among some businessmen in Amur Oblast. After observing these telephones, a businessman ordered 800 telephones at one time.

Officials Attend SOS Orphanage Ribbon-Cutting

SK2303013992 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 21 Mar 92

[Text] The Qiqihar SOS [Save Our Souls] Childrens Village of China, which brings up orphans in a family atmosphere, received 28 orphans today.

Aided by the SOS international organization with an investment of \$1.67 million, this SOS Childrens Village covers an area of 50 mu with a total floor space of more than 4,400 square meters. This village has five orphan families each with four or five orphans and a single young or middle-aged woman. This orphanage is responsible for rearing children up to 18 years of age.

Kutin, president of the International SOS Childrens Village; and (Keke), Austrian envoy to China; and Qi Guiyuan, vice chairman of the provincial people's congress Standing Committee, cut the Qiqihar SOS Childrens Village's ribbon. Chen Muhua wrote an inscription for this SOS Childrens Village.

Vice Governor Receives SOS Head

SK2303040192 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 21 Mar 92

[Text] Vice Governor Du Xianzhong met with Helmut Kutin, president of the International SOS [Save our Souls] Childrens Village, and (Keke), Austrian envoy to China, and other distinguished guests on the evening of 21 March.

Vice Governor Du Xianzhong said to the distinguished guests during the meeting: The work you are undertaking is great. Throughout the children's village, children are the main body, and all aspects of work have pinpointed this subject. This village is still in its initial stage, and the difficulties lying ahead must be jointly solved by various social sectors.

President Kutin said: I am happy we have the same view. I heartily thank Mr. Governor for his determination to use the smallest amount of money to do the greatest amount of work.

(Yang Chen), vice minister of Civil Affairs, and Qi Guiyuan, vice chairman of the provincial people's congress Standing Committee, accompanied the distinguished guests to attend the meeting on the evening of 21 March.

Quan Shuren Makes Inspection Tour of Dalian

SK2203124792 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 21 Mar 92

[Text] From 19 to 21 March, Quan Shuren, secretary of the provincial party committee; Shang Wen, deputy secretary of the provincial party committee; and Wen Shizhen, vice governor of the province; who were accompanied by responsible personnel from commissions, offices, bureaus, and banking departments; carried out investigation and study and conducted official work in Dalian. During their investigation and study tours, they put forward the new ideas of further opening to the outside world.

During their stay in Dalian, the leading personnel of the provincial level organs heard the work briefing given by the responsible personnel of the Dalian party committee and the city people's government; inspected the Dalian Economic and Technical Development Zone, the Dayawan harbor, and the Dalian rolling stock plant; and sponsored forums with responsible personnel from industrial and commercial enterprises, the city customs office, the city goods inspection office, banks, and the city tax revenue departments.

During the forums, the leading personnel of provincial level organs voiced opinions in which they contended that Dalian is playing a leading role in opening the Liaodong Peninsula to the outside world and that the open-up conducted by Dalian can decide the achievement scored in opening the Liaodong Peninsula to the outside world. Therefore, in opening to the outside world, Dalian should appraise itself again, define its own duties, turn its face to the world by having a foothold in Northeast Asia, be a vanguard in the open-up work and in improving the work to a new level, and should have the policies enforced in the open zone popularized to the out-dated cities and to the province as a whole so as to bring along the development of the province's economy.

New ideas put forward by the provincial party committee and the provincial people's government for the city to accelerate its pace in opening to the outside world include that by regarding its newly-built islands and districts as focal points, the city should accelerate the pace of development and construction in an overall way; that the city should expand the scope of its economic development zones; that the city should accelerate the construction of an industrial complex of high, new technologies; that the city should build some harbor

districts along the express highway; that the city should do a good job in building development zones of tourism; that based on its original achievements scored in opening to the outside world, the city should further upgrade its levels of opening to the outside world; that the city should relax its right of economic management to development zones, including new and special ones; that the city should upgrade its levels of utilizing outside capital to promote the industrial standardization of development zones and the work of introducing and assimilating the items with a high starting point, technologies, and standard; and that the city should improve its infrastructures, upgrade its service level, accelerate the technical renovations undertaken by the outdated enterprises, and upgrade the influence of development zones and high, new technical industrial enterprises.

During the forums, the leading personnel of the provincial party committee and the provincial people's government particularly pointed out that Dalian should enforce the plan of special development zones, make use of the policies of special development zones, try all applicable policies of special development zones, actively popularize the successful experience gained by the Shenzhen Special Development Zone, accelerate its starting step, accomplish [words indistinct], and make efforts to create a new situation in its opening-up work; and that various departments throughout the province should also support the opening-up work of Dalian by regarding its work in this regard as a priority.

Science, Technology Help Liaoning Improve Farming

SK2303051492 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 22 Mar 92

[Summary] Liaoning Province scored marked achievements in enforcing the strategy of having science and technology make the province prosperous in 1991. According to the figure compiled by the provincial scientific and technological commission, 3,269 scientific and technological projects of various categories were assigned to units at the provincial and city levels. Of these projects, 2,991 were fulfilled or carried out according to plan and 1,109 were implemented, which created an output value of 3.58 billion and 790 million yuan of revenue and taxes. There were 16,480 scientific and technological personnel throughout the province, who this year signed contracts on large-scale farm production, which involved more than 2,300 mu of farmland. They turned out 1.2 billion kg of grain and oil-bearing seeds and achieved economic results of more than 700 million yuan.

Northwest Region

Qinghai Secretary Views Party School's Work

HK2303081092 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 15 Mar 92

[Text] After listening to a work report on the provincial party committee party school, provincial party committee Secretary Yin Kesheng recently stressed that it is

necessary to further free ourselves from old ideas and assess our experience in line with the actual conditions, explore the law of running the party school, and increase our faith in making a success of our work.

Yin Kesheng pointed out: Evaluating our experience is designed to deepen our understanding of our work and push forward the work by providing better guidance. Whether we can attain this objective lies in having a correct guiding principle. Whatever we do, we must proceed from our actual conditions. We should have our own principles and vision. Only in this way can we sum up our own experience and characteristics. We should take actual conditions into account while providing guidance for work and arrive at a correct understanding of the reality of our own unit and our own area.

Yin Kesheng went on: The provincial party committee party school, propaganda department, and organization department should hold discussions to decide the party school's central task. The party school should focus on training county party committee secretaries and magistrates so that they will raise their theoretical standards through reading books, further free themselves from old ideas, and increase their faith in moving their work forward.

Yin Kesheng also called on the comrades in charge of the party school to display party spirit, have a high sense of organization and discipline, be worthy of the name of teacher, earnestly practise what they advocate, and develop a good work style, which gives expression to their inner world.

Shaanxi Governor Views Vocational Education Work

HK2303042792 Xian Shaanxi People's Radio Network in Mandarin 0030 GMT 17 Mar 92

[Excerpts] A provincial vocational and technological education work conference was convened in Xian yesterday.

Provincial leaders, including Bai Qingcai, Liu Lizhen, Xu Shanlin, Lin Jizhong, and others, attended the conference.

Shao Kaiyuan, provincial government deputy secretary general, relayed the spirit of a recently concluded national forum on integrating agriculture with science and technology.

Vice Governor Jiang Xinzheng delivered a speech entitled: Deepen Reform, Revitalize Provincial Vocational and Technological Education. [passage omitted]

Governor Bai Qingcai delivered a speech in which he said: In developing vocational and technological education, it is imperative to pay attention to the following two realistic problems:

1. Difficulties in entering colleges. At present, each year, 95 percent of high school graduates cannot enter colleges. In view of this situation, we should find a way out through vocational education;

2. Difficulties in finding jobs. Vocational and technological education must aim at training qualified laborers. From now on, all units should try to employ staff and workers from among qualified laborers in public.

Over 500 people, including principal comrades in charge of various provincial departments and bureaus concerned, prefectures, and cities, as well as their education administrative departments, attended the conference.

Xinjiang CPC's Decision on Speeding Up Reform

OW2103044692 Urumqi Xinjiang Television Network in Mandarin 1655 GMT 18 Mar 92

[From the "Xinjiang News" program]

[Text] The Xinjiang Uygur Autonomous Regional CPC Committee convened an enlarged Standing Committee meeting from 9 to 11 March. After an earnest, comprehensive and in-depth study and analysis of some major issues concerning the region's situation, reform, opening up, and economic construction, the meeting adopted a decision on accelerating the pace of reform and opening to the outside world and speeding up Xinjiang's economic development. The decision contains the following 10 points:

1. Seize the current opportune time to accelerate the pace of reform and strive to reach a new stage of economic development;
2. Further emancipate the mind and enhance our consciousness of reform and opening to the outside world;
3. Continue to deepen reform and do a solid job in delegating authority and invigorating the economy;
4. Take full advantage of our strong points in opening wider to the outside world;
5. Vigorously expand the market and enliven commodity circulation;
6. Be bold in making innovations and actively develop economic and technological development zones;
7. Streamline administration, institute decentralization, and shift the functions of government departments at all levels;
8. Encourage the rational flow of personnel and make the best use of personnel of all descriptions;
9. Persist in the policy of promoting both the material and spiritual civilizations and create a good social environment for reform, opening to the outside world, and economic construction;
10. Do a solid job in strengthening party leadership to ensure the smooth progress of reform, opening to the outside world, and economic construction.

The decision notes: Our region is faced with a rare opportunity to speed up economic growth. We must seize the opportunity to make progress, particularly in the economic field. It is imperative to unswervingly

adhere to the party's basic line of "one central task and two main points" at all times and not waver in it even for one hundred years.

The key to accelerating the pace of reform and opening to the outside world lies in further emancipating the mind and seeking truth from facts. We must smash, with firm resolution, the yoke of mental shackles; clear away all leftist or rightist influences, especially leftist influence; further foster the idea of market, competition, and efficiency in a socialist commodity economy; foster the idea of daring to think, to blaze new trails, and to undertake innovations and experiments; foster a spirit of self-reliance, self-improvement, and hard work; foster the spirit of not lagging behind and daring to be first; be bold in absorbing and learning from the advanced management methods of other countries in the contemporary world, including the developed countries in the West—learn extensively from others' strong points and make good use of them; and be bold in undertaking huge tasks that will help bring a relatively affluent life to people of all nationalities in Xinjiang. Any move that will benefit the development of the productive forces under socialism, the enhancement of the comprehensive

national strength of our socialist country and the promotion of the living standard of the people, we should dare to try and go ahead daringly with in order to explore a program of reform and opening up with distinct Xinjiang characteristics.

The decision notes: Our revolution is for liberating the productive forces, so is our reform. Accelerating the pace of reform and opening to the outside world and speeding up Xinjiang's economic construction are a sacred mission entrusted to us by history.

The autonomous regional CPC committee urges party organizations at various levels and all party members in the region to rally closely around the CPC Central Committee with Jiang Zemin as its core; unite and lead the people of all nationalities, all parties, all mass organizations, and all walks of life; mobilize all positive factors; work with one heart and one mind; pool our wisdom and efforts; display the spirit of plain living and hard struggle; and work hard and keep forging ahead to greet the convocation of the 14th national congress of the party with excellent achievements in reform and construction.

'Roundup' Notes Growing Cross-Strait Trade

OW2203190692 Beijing XINHUA Domestic Service
in Chinese 0230 GMT 22 Mar 92

[By XINHUA reporter Duanmu Laidi (4551 2606 0171 1229): "Roundup: Strong Momentum in the Development of Cross-Strait Trade and Economic Ties"]

[Text] Beijing, 22 March (XINHUA)—Along with the accelerating pace of reform on the mainland, cross-strait trade and economic ties are gaining momentum toward development. Various circles in Taiwan have more vocally demanded that authorities lift the control on direct transport and scientific and technical exchanges with the mainland; "a significant shift in the trend has emerged" as regards Taiwan businessmen's investment on the mainland.

Looking through recent newspapers and magazines in Taiwan, readers can always find articles and reports on entrepreneurs and scholars optimistic about the future of the mainland's economy and markets. Gao Changfa [Kao Chang-fa], deputy director of the Mainland Institute of the "Academia Sinica," said in a speech that in view of Communist China's renewed pledge to adhere to the line of reform and opening up to the outside world, "economic development in the next few years should be very promising." He expressed the belief that the mainland's market of 1.1 billion people appears especially attractive, and hopes that it will prompt more Taiwan businessmen to invest on the mainland. Wang Yuyun [Wang Yu-yun], chairman of the Board of Directors of Taiwan's Huarong [Huajung] Electric Wire and Cable Company, said flatly: "The mainland's rapid economic reform will influence its overall investment environment in three years." In view of the rising cost of industrial production in Taiwan and the poor prospects for traders to make profits, "even I myself want to invest on the mainland."

Despite the Taiwan authorities' vigorous efforts to encourage businessmen to choose Southeast Asia as the site for moving their businesses abroad, an overwhelming majority of them, after drawing a comprehensive assessment, still believe the mainland to be the most ideal place for investment. The result of a questionnaire of 1,000 large manufacturing businesses reveals that more than half of the respondents choose the mainland as the place for further investment. Wu Sizhong [Wu Ssu-chung], chairman of the Board of Directors of Taiwan's Xiling [Hsiling] Electronics Company, said: To the manufacturing industry, "the mainland is the only choice at the present stage." The "index for economic prospects" compiled by the "Executive Yuan's Council for Economic Planning and Development" in Taiwan also shows that businesses are generally slack in the first half of this year, and that "cross-strait trade and economic ties are relatively optimistic in view of the mainland's spacious areas for development."

While businessmen try to grasp opportunities to promote cross-strait trade and economic ties, the establishment of direct transport links between the two sides has become a hot topic for discussion. According to industrialists and businessmen participating in an economic conference in Taiwan, direct transport links with the mainland can help expand Taiwan's domestic market to that region. Entrepreneurs hope that direct transport links can accelerate the realization of the ideal of "a common economic sphere of the Chinese nation." Traders in favor of direct transport make the following calculation: Since each of the 5 million containers from Taiwan to the mainland costs an additional \$300 by way of Hong Kong, indirect transport raises the cost to traders by \$150 million [figure as published] annually. Describing the merits of "direct transport between the two sides," Huang Nantu [Huang Nan-tu], president of Taiwan's Weiquan [Weichuan] Foods Company, said: Because a direct flight to Shanghai takes merely two hours, it will be possible to visit factories on the mainland in the morning and return to Taiwan for meetings in the afternoon. Therefore, direct transport can help the development of Taiwan's enterprises. Wang Yongzai [Wang Yung-tsai], president of the Taiwan's Formosa Plastic Corporation, not only endorsed direct transport links between the two sides, but also believed that "the hope for Taiwan's economic growth lies on the mainland." At a breakfast sponsored in Taiwan by the magazine EXCELLENCE, more than 200 celebrities from Taiwan's business circles engaged in an animated discussion on the issue of promoting cross-strait trade and economic ties, and 90 percent of them favored the lifting of the ban on direct transport.

Recently there have been more and louder calls for lifting the ban on cross-strait scientific and technical exchanges, and for inducing both high technology and talented people from the mainland. Liu Taiying [Liu Tai-ying], director of Taiwan's "Institute of Economic Studies," said: "Absorption of the mainland's high technology by Taiwan businessmen is to the benefit of Taiwan." He said that the Taiwan authorities should lift the ban on scientific and technical exchanges in a selective way which does not obstruct but accelerates the upgrading of Taiwan's industry. An authoritative person in Taiwan's industrial circles suggested the induction and commercialization of the mainland's achievements in the study of basic sciences for expanding areas of product development. Li Zhongxi, director of the Chemical Engineering Institute of Taiwan's Academy of Industrial Research, called for "negotiations for utilizing the mainland's achievements in the research of special fields of chemistry." Noting the mainland's outstanding computer software engineers, Hou Qingxiong [Hou Ching-hsiung], president of the Taipei [Taipei] Computer Association, expressed hope that scientists and engineers from the mainland will be allowed to enter Taiwan to help develop its computer industry. Quite a few traders plan to set up research centers on the mainland, with branches overseas, and plan to recruit mainland scientists and engineers to conduct joint research at these

centers and branches. Some scholars even suggested that authorities establish a NT\$10 billion "China Development Fund" for pioneering cross-strait cultural and economic exchanges as well as searching for the starting points for China's reunification.

It is understood that following the footsteps of small- and medium-sized enterprises, some large enterprises in Taiwan are "building up momentum" and drawing up plans for investment on the mainland. According to reports by Hong Kong and Taiwan newspapers, since the beginning of this year there has been an influx onto the mainland of large quantities of food, electronics, automobiles, printing, ship-dismantling, aquatic, textile—in addition to such traditional processing industries as shoes, handbags, toys, and textiles. Service trades as well as banking institutions have organized group study tours to the mainland, and among them are quite a few large and well-known enterprises. Officials of at least 40 large textile enterprises have indicated their intention to attend a mainland study group this summer. The head of the group said explicitly: "The future of Taiwan's textile industry is on the mainland." In conjunction with the industrial exodus, Taiwan's service industry has also begun exploration and planning. It has been reported that Taiwan's big enterprises—such as Tongyi [Tung] Enterprise, Guangnan [Kuangnan] Enterprise, Xiling Electronics, Yingyeda [Yingyeh] Electronics, Honghai [Hungai] Precision Machine, Zhengxin [Chenghsin] Rubber, Zhongxing [Chunghsing] Textiles, and Weiquan Foods—will submit applications to the authorities for investment on the mainland in the near future.

Taiwan's "Ministry of Economic Affairs" cannot but admit that "a significant shift in the trend has emerged in Taiwan businessmen's investment on the mainland." In a recently released report, the "Ministry of Economic Affairs" notes that the new trend is reflected in the following aspects: The investment areas have been shifted from neighboring Fujian and Guangdong to Shanghai and Beijing; the investment dimensions have been extended from labor intensive projects to projects requiring intensive capital and technology; the investment scale has developed from small projects to large- and medium-sized ones; and the nature of investment has been changed from simple consignment of processing or compensation trade to businesses with its own capital, production equipment, managerial personnel, means of production, spare parts and components, and orders from the overseas.

You Dexin on Economic Cooperation With Taiwan

*OW2203124792 Beijing XINHUA in English
1216 GMT 22 Mar 92*

[Text] Beijing, March 22 (XINHUA)—Fujian Province in southeastern China will further expand opening to the outside world and improve investment environment to

attract more investment from Taiwan, the Kuomintang-ruled island province facing Fujian across the Taiwan Straits.

You Dexin, deputy governor of the province and a delegate to the ongoing Fifth Session of the Seventh National People's Congress, made the remarks in an interview with XINHUA today.

"Taiwan investors may count on great opportunities for investment in Fujian," he said.

Investment from Taiwan came very strong in the first two months of this year. The deputy governor said that 54 investment contracts were signed, 38 percent more than in the same period of last year, and the total amount of investment involved came to 44 million U.S. dollars, 85 percent more than in the same period last year.

By the end of last year, he noted, Fujian had established nearly 1,200 enterprises using Taiwan investment, involving contracted investment of 1.6 billion U.S. dollars, of which about 500 million U.S. dollars had been used.

You told XINHUA that over 80 percent of the Taiwan-funded enterprises have made big profits in recent years and a great number of them have made additional investment. The Taiwan-funded enterprises have also embarked on raw material production instead of engaging in processing only and production scale has also grown and the areas involved have been extended from coastal regions to the interior of the province.

Southern Fujian will be given priority in promoting ties with Taiwan, the deputy governor said. The province will designate 10 farms in 10 isles as areas open to overseas investors, Taiwan investors in particular, on the Dongshan islands which share ancient cultural legacy with Taiwan and the cooperative industries there will be encouraged to shift from labor-intensive ones to fund- and technology-intensive ones. Such industries include aquaculture, plant culture, processing and fresh preservation. There are more than 30 cooperative projects on the Dongshan islands so far.

In addition, the deputy governor said, Fujian plans to delegate the power of project approval to localities, simplify approval procedures and set up and improve arbitration and mediation agencies in a bid to make it easier for Taiwan businessmen to invest in Fujian.

You disclosed that the establishment of branches of Taiwan banks in Fujian has won the approval of the central government.

He pointed out that as a key matter concerning relations between Fujian and Taiwan, Taiwan businessmen and the Fujian side all expect early realization of the direct exchange of mails, trade, air and shipping services between the two sides so as to reduce costs for cooperation.

Now telephone calls and telegrams between Fujian and Taiwan total over one million a year, mostly via a third place, and this impedes efficiency, You added.

Therefore, he said, the early materialization of the direct exchange will greatly promote the relations between Fujian and Taiwan. Fujian has made some preparations in this regard, he added.

Zou Erjun Says Taiwan-Funded Project Progressing

*OW2303110792 Beijing XINHUA in English
1042 GMT 23 Mar 92*

[Text] Beijing, March 23 (XINHUA)—Preparations for the giant petrochemical project to be funded by a Taiwan plastics tycoon in Haicang of Xiamen city is going full steam ahead without any interruption ever, Xiamen Mayor Zou Erjun said here today.

"We are fully confident of the success of the project and we are trying to make the project more competitive after completion," the mayor said.

He told a press conference given at the international hotel here this morning that "we welcome Taiwan plastics tycoon Wang Yong Ching to invest in Fujian and we shall give more preferential treatment to this giant petrochemical project."

Preparations for the project started two years ago when Mr. Wang Yong Ching came to Xiamen to investigate the investment environment.

Mr. Wang considered the Haicang area an ideal place for a giant petrochemical project.

The mayor said that Fujian has thrown in 1.1 billion yuan (about 200 million U.S. dollars) for infrastructural projects, including seven roads, water and electricity supply and resettlement of displaced residents.

According to Zou, water and power supply facilities have been completed; residential buildings for displaced locals have been partly finished; and meanwhile, initial geological surveys for the industrial area, coastal planning and coastal geological surveys have been completed.

Taiwan SEF Delegation Visits Mainland 22 Mar

*OW2203154292 Beijing XINHUA in English
1425 GMT 22 Mar 92*

[Text] Beijing, March 22 (XINHUA)—A six-member delegation led by Hsu Hwei-yow, director of the Legal Service Office of the Taiwan Foundation for Exchanges Across the Taiwan Strait [SEF], arrived in Beijing by air this afternoon.

This delegation came here to discuss with the mainland's Association for Relations Across the Taiwan Strait about the use of notary documents and the opening of services to monitor and pay for registered mail services across the Taiwan Strait.

South African Minister Reaffirms Commitment*OW2103084792 Taipei CNA in English 0805 GMT
21 Mar 92*

[Text] Taipei, March 21 (CNA)—South Africa treasures its diplomatic relations with the Republic of China [ROC], visiting South African Foreign Minister Roelof Frederik Botha reaffirmed Friday.

"Our friendship with the Republic of China is a very precious one, and we'll never change the status quo," Botha told a press conference at the South African Embassy here shortly after his arrival for a four-day visit.

Botha said his country's relations with the rest of the world will soon be normalized now that a majority of South African people have given a new mandate to president F.W. de Klerk in a historic referendum on March 17 to end a century of white rule in South Africa.

Botha stressed, however, that his country will not normalize relations with Communist China unless communism is dismantled there.

"Our government is completely against any form of socialism that is compatible with Marxism, Leninism or Communism," Botha explained.

The South African minister reiterated that Pretoria recognizes Taipei as the sole legitimate government of China, and under no circumstance "will we change our diplomatic recognition."

"We are not interested in developing formal relations with Communist China," Botha noted. "The issue is simply not on our agenda," he added.

While here, Botha will chair an annual meeting of South African heads of mission in the Far East and Australia. He had a luncheon with ROC Foreign Minister Chien Fu Saturday noon and will also meet with other Chinese officials before leaving for Tokyo, Seoul, and Singapore next Monday.

Last evening, Botha went to the Veterans General Hospital in suburban Taipei to see his wife who has been receiving general and acupuncture treatments there since early this year.

Impressed by his wife's apparent progress in health, Botha said he is very grateful for the care the hospital has extended to his wife.

Mrs. Botha, who suffered paralysis after an accidental fall in April last year, arrived in Taipei in January to receive acupuncture and other rehabilitation treatments at the Veterans General Hospital.

Chung Chieh, director of the hospital's center for traditional medical study, said Mrs. Botha has been recovering well from her paralyzing neckbone injury after receiving acupuncture treatments. Mrs. Botha, a "living evidence" of acupuncture's effectiveness, is likely to leave for home in mid-April.

Concludes Visit*OW2303090892 Taipei CNA in English 0827 GMT
23 Mar 92*

[Text] Taipei, March 23 (CNA)—South African Foreign Minister Roelof Frederik Botha left for Seoul Monday morning after a four-day visit to the Republic of China.

Prior to his departure, Botha said South Africa will continue to promote cooperation with the Republic of China and other Asia-Pacific nations for their mutual advantages.

Taipei was the first leg of Botha's current Asia-Pacific tour which immediately follows the South African government's landslide victory in an all-white referendum to transform the country into a nonracist democracy.

Botha, who arrived in Taipei last Friday, chaired an annual meeting of South African heads of mission in the Far East and Australia Sunday to review the present state of South African relations in the region.

Botha told a news conference here that South Africa will seek to normalize its relations with the rest of the world now that the country is now firmly on the road to establishing a full-fledged democratic political system.

Since the Asia-Pacific [as received] has emerged as one of the world's most dynamic regions, Botha noted, Pretoria will try to strengthen cooperation with countries in the area.

During his stay here, both met with high-ranking ROC officials to discuss matters of mutual concern.

French Industry Minister To Hold Consultations*OW2303095592 Taipei CNA in English 0816 GMT
23 Mar 92*

[Text] Taipei, March 23 (CNA)—French industrial minister Didier Lombord [name as received] is scheduled to arrive in Taipei March 25 for economic consultations between France and the Republic of China.

Lombord and his aides will meet with officials of the Board of Foreign Trade (BOFT) for consultations on bicycle and textile quotas, liquor taxes and intellectual property rights, a BOFT official said.

The French officials will also meet with officials of the Industrial Development Bureau to discuss technological cooperation between the two countries.

Some French business leaders in Lombord's entourage will meet their Chinese counterparts to promote economic cooperation.

Government To Open Economic Office in Uruguay

*OW2103085992 Taipei CNA in English 0816 GMT
21 Mar 92*

[Text] Taipei, March 21 (CNA)—The Republic of China will open an economic and cultural office in Uruguay to promote substantive relations between the two countries, the Ministry of Foreign Affairs said Friday.

Chen Ming-teh, vice director of the foreign affairs ministry's Central & South American department, will serve as the first representative of the new office.

The Republic of China severed diplomatic ties with Uruguay when the South American country switched recognition from Taipei to Peking in 1987.

Belize Official, Panamanian Minister Arrive 22 Mar

*OW2303095792 Taipei CNA in English 0811 GMT
23 Mar 92*

[Text] Taipei, March 23 (CNA)—Belize Governor-General Minita Elmira Gordon arrived in Taipei Sunday for a week-long visit.

She will meet with Vice President Li Yuan-zu, Premier Hao Po-tsun, Foreign Minister Chien Fu and other government officials of the Republic of China.

Panamanian Minister of Commerce and Industry Roberto Alfaro Estripeaut also flew into Taipei Sunday for a six-day visit.

Minister Alfaro will meet with Foreign Minister Chien, Economic Affairs Minister Hsiao Wan-chang and other officials.

Alfaro and Hsiao will sign an investment guarantee agreement on behalf of their governments March 26.

During the trip, the Panamanian minister will also call on Y.F. Chang, chairman of Evergreen Marine Corp., the world's largest container shipping group.

Taipei, Thailand Upgrade Representative Offices

*OW2303090992 Taipei CNA in English 0823 GMT
23 Mar 92*

[Text] Taipei, March 23 (CNA)—The Republic of China [ROC] and Thailand have upgraded their representative offices in each other's territories, an official with the Ministry of Foreign Affairs said Sunday.

"The move marks a significant step forward in Sino-Thai relations," the official remarked.

A Thai Foreign Ministry spokesman announced on March 19 that Bangkok would upgrade its representative office in Taipei to cope with fast growing bilateral trade and economic relations.

The Thai government currently authorizes the Taipei office of its national flag carrier, Thai Airways International Ltd., to handle consular and commercial affairs with Taiwan in the absence of diplomatic ties between the two countries.

At present, the Thai Airways administration office represents the Thai Foreign Ministry in issuing visas to prospective Taiwan visitors, and the Thai Airways commercial office handles trade, investment and other civilian exchanges between the two countries.

To make its presence in Taiwan more conspicuous, the Thai cabinet approved a proposal earlier this month that the two offices be merged and renamed the "Thailand Trade and Economic Office in Taipei."

In addition to the name change, the official quoted the Thai spokesman as declaring that the function of the Thai representative office here will also be expanded. "The office is expected to play a more active role in promoting substantive Sino-Thai relations," he noted.

The official reported that the ROC representative office in Thailand will also be further upgraded. Last year, Taipei changed the name of its trade office in Bangkok from the "Far East Commercial Service Center" to the "Taipei Economic and Trade Center." The title will soon be changed to the Taipei Economic and Trade Office in Thailand, the official revealed.

Two-way trade between Taiwan and Thailand has grown substantially in recent years and Taiwan has emerged as a leading investor in the Southeast Asian nation. Many local manufacturers have made Thailand their major overseas production base.

SEF Legal Staff in Mainland for Talks

*OW2303084692 Taipei CNA in English 0808 GMT
23 Mar 92*

[Text] Peking, March 22 (CNA)—Hsu Hui-you [name as received], director of the Straits Exchange Foundation Department of Legal Services, arrived here Sunday afternoon for talks with the Association for Relations Across the Taiwan Straits (ARATS) over document verification and other technical problems.

Hsu, head of a six-member team, stressed upon arrival that SEF will not send a higher-ranking official to Peking to confirm "the result of our talks" unless "concrete consensus" is reached during the first-stage talks March 23-25.

In addition to document verification, Hsu will also discuss with ARATS officials ways to compensate lost registered mail.

President Li's Approval Rating at 81.5 Percent*OW2303095892 Taipei CNA in English 0802 GMT
23 Mar 92*

[Text] Taipei, March 23 (CNA)—President Li Teng-hui's administrative performance was approved by 81.5 percent of pollees, according to a survey released Sunday.

The survey of 1,093 adults, conducted between March 17 and 19, showed that Li is the most popular politician in the Republic of China.

The approval ratings of Li's administrative ideas, capabilities, and leadership were also higher than those of any other politicians in Taiwan, said the Public Opinion Survey Foundation.

DPP Assemblymen Boycott President Li's Luncheon*OW2103091492 Taipei CNA in English 0754 GMT
21 Mar 92*

[Text] Taipei, March 21 (CNA)—Democratic Progressive Party [DPP] members of the National Assembly boycotted a luncheon hosted by President Li Teng-hui in honor of assemblypersons Friday.

The DPP caucus in the National Assembly said they wanted to use the "goodwill absence" to protest the Kuomintang's "conservativeness and procrastination" in reforming the constitution.

In a statement read at the Chungshan Building on Yangmingshan, suburban Taipei, where the assembly opened a special session to amend the constitution, the DPP caucus said they hoped that Li would surmount all difficulties to accomplish constitutional reform.

The DPP caucus added that they supported Li's call on all assemblypersons, regardless of their political affiliations, to respect public opinion and to shoulder their historical responsibility while amending the constitution.

Outside the heavily guarded Chungshan Building, members of the "Action League" tried to call the attention of the assembly members to their petition for the repeal of Article 100 of the criminal code.

At 10 A.M. the petitioners, led by Academia Sinica Academician Li Chen-yuan [as received] and National Taiwan University Professor Chen Shih-meng, confronted police near the Chungshan Building.

The petitioners tried to stage a sit-in in front of a hotel, an act which could paralyze the traffic during the "flower season" of the Yangmingshan National Park. The police could not but let them proceed to the conference site.

More than 10 league members, with Li at the head, finally succeeded in handing a petition to Chiang Yen-shih, secretary general to President Li, at the Chungshan Building at 1:40 P.M.

In addition to repealing the sedition law, the petitioners also urged the government to release all political prisoners.

Chiang, after hearing Li explain the contents of their petition letter, said he will forward it to President Li.

Chiang later told reporters that the president had asked him to accept the petition.

Chen Chung-kuang, a member of the National Assembly, also accepted a copy of the letter on behalf of the assembly.

Scientists To Attend Academic Confabs on Mainland*OW2303095692 Taipei CNA in English 0806 GMT
23 Mar 92*

[Text] Taipei, March 23 (CNA)—Wu Ta-yu, president of Academia Sinica, and several Republic of China scientists will attend academic conferences in Mainland China in May.

The chief of the Republic of China's highest academic institute stressed that his visit will be "purely a private one" and will have nothing to do with politics.

Accompanying him will be Li Shih-chang and Hsieh Yun-sheng, research fellows at the Academia; Chen I-feng, a professor of the National Central University; and Yen Ai-te, director of a synchronized radiation center preparatory committee.

An Education Ministry official said applications for their mainland visits are being processed, and that he "would be pleased to see" the visits realized.

Wu and company will attend a superconductivity conference in Peking May 21-24; a physics conference in Peking June 1-3; and a theoretical physics conference in Tianjin June 5-9.

The 85-year-old Wu has not visited the mainland for 46 years. His student Lee Cheng-tao, a Nobel physics prize laureate, is said to have helped arrange the visit.

Hong Kong

Sino-British Land Commission Holds 25th Meeting

OW2103073992 Beijing XINHUA in English
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[Text] Hong Kong, March 21 (XINHUA)—The 25th meeting of the Sino-British Land Commission was held on March 20, 1992.

The two sides agreed that the land disposal program for the 1992-1993 financial year should amount to 159.3 hectares.

The program comprises 27.96 hectares for commercial, residential and industrial development, 21.80 hectares for the home ownership scheme, the private sector participation scheme, Hong Kong housing society development and village housing, 16.79 hectares for public utilities, educational, welfare, religious, recreational and other uses, and 92.75 hectares as special requirements including 60 hectares for container terminal No. 9.

The two sides also agreed to set aside five hectares of land in a supplementary land disposal program. The land commission will decide during the year on the amount of land to be released from the supplementary program in the light of demand.

During the meeting, the two sides also had useful discussions on the land requirements of the new airport and the airport railway. The two sides will continue consultations on land for these projects.

PRC Policeman Asks 'Understanding' on Intrusions

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[By Peng Weixiang (1756 0251 4382)]

[Text] Beijing, 20 Mar (ZHONGGUO XINWEN SHE)—A high-ranking Chinese police officer stated today that he hopes the Hong Kong side will show understanding regarding the accidental intrusion of a mainland antismuggling boat into Hong Kong waters when pursuing smugglers' boats.

Liu Wen, chief of the Public Security Ministry Criminal Investigation Bureau, made the statement when interviewed by the overseas press covering the event.

He said that he had not received any notification from Hong Kong so far on the recent unintentional intrusion into Hong Kong waters by a mainland antismuggling boat, but admitted that there had been several similar incidents before.

Liu Wen said that there is great likelihood at night or in heavy fog that such things will happen, and it is hoped that Hong Kong would fully understand the state of mind of Chinese policemen in pursuit of criminals.

The bureau chief claimed that further discussions are necessary on setting up a China-Hong Kong joint antismuggling force.

Joint Task Force Talks Planned

HK2103024092 Hong Kong SOUTH CHINA
MORNING POST in English 21 Mar 92 p 1

[By Daniel Kwan in Beijing and Kathy Griffin]

[Text] China will discuss the formation of a "special headquarters" for a joint Hong Kong/mainland anti-crime task force when Police Commissioner Mr Li Kwan-ha visits Beijing next month.

The idea, first mooted by two Hong Kong delegates to the Chinese People's Political Consultative Conference, yesterday won tentative backing from a top mainland security official.

But Mr Liu Wen, the head of China's International Criminal Police Organization, or Interpol, emphasised that the issue would be treated as an informal discussion item rather than part of the official agenda.

"We must first have discussions with Hong Kong to probe the feasibility of such a special headquarters," he said.

The Government would not comment on Mr Liu's announcement and police said they had no details since it was a diplomatic matter.

But the police chief of staff for public relations, Mr Eric Lockyear, said: "If it's true, it sounds like great news."

Legislators were also encouraged by the proposal. Mrs Elsie Tu, deputy convenor of the Omelco [Office of the Members of the Executive and Legislative Councils] Security Panel, and Mrs Miriam Lau Kin-kee, chairman of the Fight Crime Committee, said anything to stop cross-border crime was welcome.

"It's good news if it's a genuine effort to stop crime and not a salve to try to make us feel a bit happier. It has to be real action on both sides, and not just the Chinese side," Mrs Tu said.

She said the group needed to infiltrate gangs on both sides of the border and investigate whether officials or police were involved. The source of guns was another issue to be examined.

Mrs Lau said the group could step up the exchange of intelligence on gang and other criminal activities in general, and coordinate anti-crime efforts on both sides of the border.

Mr Liu reiterated mainland concern over the territory's growing crime problem, but denied reports that Chinese police and soldiers were involved in smuggling activities.

He said mainland police were not aware of any syndicates in China which were hired by Hong Kong triads to commit crimes in the territory.

"My information is that there are only some small gangs, normally three to four people, engaged in these kind of unlawful activities. But syndicates don't exist," he said.

He claimed firearms used by robbers on the streets of Hong Kong were being smuggled from Vietnam, and said the normalization of relations between Beijing and Hanoi meant this could be checked.

Mr Liu is to visit Beijing in mid-April. Under the existing arrangement, the Interpol chief meets the commissioner twice a year to exchange information.

"In addition to these regular meetings, we also meet frequently as the situation requires," Mr Liu said. "So our communication is adequate.

He denied crime in Hong Kong was out of control, saying the recent rise in armed robberies was a natural consequence of a worldwide rise in crime.

"The Chinese Government is very much concerned about social order in Hong Kong. Our sincerity in cooperating is total and we will not swerve from our determination," he said.

He advised the media not to exaggerate about intrusions of mainland Marine Police into Hong Kong waters, saying such incidents were inevitable.

Merger of Bank With Midland 'Big Favor' to UK

HK2103080792 Hong Kong WEN WEI PO in Chinese
20 Mar 92 p 19

[Article by Chen Chien (7115 1017): "Hong Kong and Shanghai Bank Corporation (HSBC) Hands Over Benefit, Real Power to Britain"]

[Text] Who will benefit from the HSBC Holdings-Midland Bank merger? Although the two banks have not yet worked out, or made public, the pending merger's detailed conditions, the investment markets have already answered the above question, not in words but in real moves, which apparently favor the Midland Bank and disfavor HSBC: HSBC shares fell from HK\$45.25 before the announcement to HK\$40.25 yesterday, down 11 percent and involving a loss of HK\$8 billion; while Midland shares went up from 253 pence before the announcement to 340, an over 13-percent gain.

The Markets Will Show This Merger's Advantages and Disadvantages

Undoubtedly, such tremendous losses and gains of the two blue chip stocks were caused by major fund foundations, for they are all professional investors which always base their buying and selling decisions on good grounds. As a matter of fact, things are not as complicated as one might think and we can get a clear picture of the matter

by reviewing the past. HSBC gained an astonishing 82-percent growth in its profits in 1991, and the only credit of its overseas business was that it did not bring any burdens to HSBC. Every year, HSBC can make huge profits from Hong Kong, and it relies entirely on Hong Kong's constant support to expand its international business and gain a certain status in international banking circles. However, the Midland Bank has been a loss maker over the years and is always plagued by uncollectible debt. Although the Midland Bank began to take a turn for the better in recent years, the profits and development prospects of its banking business in Britain and Europe are by no means comparable to those in Hong Kong and Mainland China. It can hardly be avoided that HSBC's profits will be divided up and shared out over a large margin.

Does the move to abandon and give away free the immediate interests of its shareholders to a British bank show that HSBC's taipans have foresight and sagacity or that they have ulterior motives? This is the focus of HSBC shareholder concerns. Since HSBC is such a major bank in Hong Kong and enjoys a special status, the above question has naturally become the point at issue for Hong Kong citizens, especially for those sensitive to political issues.

Seizing the Best Opportunity To Fulfill a Cherished Desire

It should first be noticed that HSBC has long intended to expand its business and build up strongholds in Europe. Many years ago, HSBC attempted in vain to purchase the Scotland Royal Bank, but failed due to the objection of the British Bank. As early as the end of 1989, when it purchased nearly 15 percent of Midland's shares, HSBC intended to merge with the bank. The plan was laid off simply because the Midland Bank's performance was too poor at the time. Therefore, HSBC's recent announcement of merging with the Midland Bank is not a surprising move, but a move taken at the best opportunity. One of the major reasons for HSBC's failure to purchase the Scotland Royal Bank was that Britain found it unbearable to subject itself to control from Hong Kong. However, HSBC removed this major obstacle by registering its holding company in Britain during its reorganization last year, thus taking a step toward future purchases and mergers. On the other hand, seeing improvement in Midland Bank's performance, HSBC believes that it is the right time to suggest the merging of the two banks, though the merger itself is generally considered an ill-matched marriage. With drastic growth in its profits and good performance, HSBC will find it easier to bear expected impacts.

The Expansion Strategy Goes Against the General Trend

All businessmen know well that business expansion means making new investments, putting in greater energy, and giving up immediate interests; yet they are also aware that anyone who wants to make further

progress should not be satisfied with the achievements he has already attained and should constantly seek new development. Taking a look at Hong Kong's present situation, however, although some people consider that HSBC's future development in Hong Kong will be limited and that it is currently faced with a threat of being deprived of more privileges and advantages, facts have repeatedly shown that HSBC still enjoys great prospects and potential to attain huge profits and seek better development in Hong Kong.

In line with the spirit of the Sino-British accord, HSBC can continue to play an important role in Hong Kong. In addition, with deep-rooted business in Hong Kong, HSBC is hardly replaceable. Nowadays, the Asian-Pacific region's economic development prospects, especially the business opportunities brought about by China's reform and opening up, have been followed with increasingly greater interest by the international community, and many international organs are vying with each other to enter this region. At such a time, HSBC's move to expand its overseas business on a large scale seems to run counter to the present general trend.

Heavy Costs Arouse Speculations

After all, HSBC has its reasons for carrying out the recent plan, one of which is to build up a more extensive business base to greet the integration of the European Common Market. However, shareholders refuse to buy the idea of expanding for the sake of expansion. Under the situation in which the merger plan obviously disfavours the interests of the company and shareholders, people have tried to figure out and analyze the plan's possible intentions and definitions. How could such speculation be denounced as "conspiratorial"?

Some people believe that by expanding its overseas business, HSBC aims to avoid or reduce possible risks induced by Hong Kong's return to China. However, the fact that more and more businessmen invest in Mainland China has proved such a view untenable.

Others doubt that by merging with the Midland Bank, HSBC intends to, before the 1993 announcement, transfer its secret internal reserves to the Midland Bank accounts, either as a premium for purchasing the Midland or by other means. Although this idea seems to gauge the heart of a gentleman with one's own mean measures, the possibility of such a move cannot be ruled out. During the past dozen years, HSBC has provided Hong Kong's industry, Carrian Investments Limited, and (Alan Bonds) and his Bonds Group with huge loans which incurred immense losses. However, HSBC has never made the details known because it could use its internal reserves to balance and cover the bad debt. People are following with great interest as to when HSBC will make public its internal reserves.

Doubts Over Internal Reserves Transfer Needs To Be Cleared Up

However, if HSBC makes its internal reserves known to the public before the merger is completed, the aforementioned doubts can be removed. In the final analysis, the details concerning the HSBC-Midland merger have not yet been made public. In addition to the impact on the two banks' interests produced by turbulent changes in their share values, people are also concerned with possible changes in HSBC's holding power. Generally speaking, HSBC can directly issue new shares, purchase Midland shares, or set up a new holding company to exchange HSBC and Midland Bank shares with those of the new holding company. However, any of the three arrangements will lead to a large share transfer from HSBC (or from the new holding company which owns HSBC) to British hands. At present, since its company ordinance says no individual or company can own more than 1 percent of the bank, HSBC needs to first solve this problem before it can proceed with the merger. However, no matter whether this stipulation is rescinded or retained, large proportions of HSBC shares will eventually be held in the hands of British investment institutions or individuals, instead of in the hands of extremely dispersed individual shareholders as they are now.

British Government Is Grateful for Their Assistance

There are various speculations on the real or indirect intentions of the HSBC-Midland merger. However, to simplify this complicated matter, we can obtain an objective answer by simply looking at the response of the investment markets. This merger plan is largely in the interests of the Midland Bank and its shareholders. Since the Midland Bank is one, although the weakest, of the four major clearing banks in Britain, HSBC has undoubtedly done Britain a big favor by merging with Midland. It is a fabrication to say that HSBC facilitates the merger for fear of risks in Hong Kong; on the contrary, by handing over major stockholder equity to the British, HSBC aims to share out the huge profits of its Hong Kong business with them and make allowances for them.

Britain's Control Has Been Formally Established

Through its "re-registration" last year, HSBC has already transferred its holding power to its holding company in Britain. This time, through the merger plan, HSBC will virtually hand over its holding power to its native country of Britain. It thus can be seen that after the behind-the-scenes intimate relations between HSBC and the British and Hong Kong Governments fade out as a result of political changes, Britain will adopt another means, a quite overt one, to continue imposing control over this bank which enjoys a special status in Hong Kong, and thus use it to gain economic and political interests.

Editorial Views Merger

HK2103070692 Hong Kong WEN WEI PO in Chinese
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[Editorial: "Hong Kong and Shanghai Bank Corporation's (HSBC) Act and Small Holders' Interest"]

[Text] The HSBC-Midland Bank merger has aroused great social concern. HSBC is a bank run by the British; however, most of its shareholders are Chinese in Hong Kong. Over the years, HSBC has been under the shield of special laws and regulations and corporation regulations that bar any shareholder from owning more than 1 percent of its shares. Thus, the British did not have to worry about control over the bank falling into Chinese hands.

However, with the approach of 1997, the laws and regulations protecting the interests of a small number of people may not be continued. From a strict business view, only the British executives knew what changes in stock ownership were in their best interests. The HSBC board had a perfect picture of the bank's accounts and capability for profits, and the right time and prices for future purchase or merger with other banks, but small Chinese investors have been kept in the dark.

Since 1986, HSBC has sold assets in categories other than banking operations and started investing in overseas banking; the first step was to sell its stock ownership of the SOUTH CHINA MORNING POST. In 1987, it cut back its Cathay stock ownership from one-third to 15 percent. In the same year, it purchased 15 percent of the stock ownership of Midland Bank, and monopoly ownership of the U.S. Marine Midland Bank in the same year. By the end of 1990, HSBC announced it was moving its registration to Britain; and recently, it announced its merger with Midland Bank.

Hong Kong has always been a nice place to make money, and HSBC's profits last year were HK\$5.6 billion. Viewing HSBC's accomplishments in recent years, most of its profits were derived from Hong Kong; however, it has failed to provide a clear picture of its investment in places other than Hong Kong, whereas some of the investment has suffered heavy losses. In recent years, the HSBC managerial tier has continued to say that those transfers were all commercial decisions rather than political, and would benefit the Chinese.

However, the criterion for testing a commercial decision's soundness lies chiefly in the profits made. A decision that brings high dividends to the bulk of small share holders is fine. In particular, a company with its shares on the stock market should have sufficient visibility and protect small investors' interests.

Midland is Britain's fourth-largest clearing bank. Since the October 1987 stock market collapse, HSBC purchased 15 percent of the former's shares at 475 pence per share; but Midland had many bad debts, which increased with each passing year. In 1990 alone, reserves for bad debts was HK\$9.9 billion; and in 1991, it rose to HK\$12 billion. The proportion of the bank's reserves for bad debts in British loan volume was 2 percent in 1990, and 3 percent in 1991. The recent dividend rate for investors was 1.5 percent, which was far inferior to savings deposit rates. That being the case, Midland shares had dropped to 253 pence per share before HSBC's announcement of the said merger.

It is still difficult to determine the prospects of the HSBC-Midland merger, but five characteristics of the current merger are noteworthy to small investors: 1) HSBC has taken the initiative and exchanged Midland's ownership with a price higher than market price. Market personalities estimated that a bargain could be made smoothly with a price exceeding approximately 25 percent of Midland's net asset value. Has the bargain brought loss to Hong Kong's small investors? Has the UK's Midland benefited? We may have some idea viewing the 10-percent price drop for HSBC shares and 38-percent price rise for Midland shares. 2) HSBC ability for high profits is affected when Hong Kong's small investors have to exchange 45 percent of their shares with an annual 9-percent dividend profit for shares with an annual 1.5 percent dividend, whereas British shareholders gave up their shares yielding an annual 1.5-percent dividend in exchange for those bringing in a 9-percent dividend. Who benefits? Who loses? 3) HSBC internal reserves were approximately HK\$20 billion. With the merger, will the reserves be transferred to the newly merged firm? Will the new firm take up the burden of new reserves for bad debts, thus the HSBC's internal reserve will become a most timely godsend? 4) To deal with the merger, HSBC will issue HK\$24 billion-\$32 billion worth of new shares, with its share volume increasing by 35-50 percent, with the value and dividend of each share diminished by a wide margin; is this fair to Hong Kong's small investors? How to calculate the benefits to those who purchased large amounts of Midland stocks after learning of the merger before its announcement? And, 5) Britain has always prevented a foreign purchase of Midland; this time the merger has been conducted with HSBC taking the initiative, and we cannot believe that the act has "noncommercial" factors. It is beyond doubt that HSBC will give up its interest and operational portion in Hong Kong. People continue to hope that it will contribute to Hong Kong's prosperity and stability. However, should the transfer of capital and change in share ownership involve the interests of a large number of investors, related authorities should try their best to protect them. What is eye-catching is how the Hong Kong Government will protect their interests.

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